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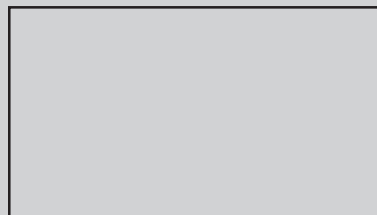


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## Chinese Riddle

*Editorial comments on Indo-China relations and latest developments on this front in November issue of Patrika were not only judicious, but also mature and perceptive. Indo-China relations can't be equated with Indo-Pak or Indo-Bangladesh relations. China is on a different pedestal. No one can expect China to act on any matter, leave alone a war with India, in hurry. They will and in fact are analysing every issue comprehensively and determine their response only after evaluating pro and con's of any such move. Chinese relations with all other major powers particularly USA & Japan are examples.*

*We in India need to modify the way we run our nation. We have to behave as a grown up boy. The first requisite is to have a belief in our selves followed by clear understanding of what we want as people. That will determine our attitude towards other countries including our neighbours. But that will need competent people to be in charge. Mediocre politicians and goons who join politics after they fail in normal pursuits of life can never be performers.*

– Rakesh Jha, Sainik Enclave, New Delhi

## Climate talks

*This refers to the on going climate negotiations and Indian response to the Copenhagen conference. Going by the reports about stance of different governments of the world particularly that of China and USA, I feel Indian government is as usual reacting to developments instead of having a realistic policy of its own. Chinese were initially refusing to have specific targets, but it seems that the visit of Barak Obama has changed a lot in that country. Otherwise why shall China follow USA in declaring its numbers to cut emission? This is not a decision taken on spot. Chinese know well what to say and when.*

*Regrettably we in India continue to be in a deep slumber. Governance has ceased to be a pro-active management. Ministry of Environment, like any other ministry or government institution is just looking busy & doing nothing. They have failed to have a comprehensive analysis of what India needs, hence have not been able to evolve a policy suiting future needs of the Indian people. If this continues we as a country are bound to find ourselves in serious danger. Country has already seen tremendous loss of life and property on accounts of environmental degradation and lax implementation of laws. It is high time people stand up and force authorities to deliver or face the consequences.*

– Sunita Kaushik, Vaishali

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## Quote-Unquote



The full impact of the Dubai debt crisis is yet to be assessed, but there is no need to press the panic button.

**Pranab Mukherjee**

Union Finance Minister



China continues to be a deceitful adversary.

**Dr. Bhagwati Parkash Sharma**

National Co-convenor SJM



Outcome of the efforts of Swadeshi Jagaran Manch will indisputably be advantageous for the nation.

**Rev. Swami Gopal Maharaj**



It is crazy for us to think we can develop countries around the world without increasing their ability to feed themselves.

**Bill Clinton**

Former US President

## Food price crisis

Prices of essential commodities, particularly food items have been increasing relentlessly for a longer period now. The issue has assumed considerably severe proportion as mounting prices is touching over 85 crore people of the country. Though the number of BPL families in India is not accurately known, yet we do have a fair idea of people unable to have two square meals every day. Numerous government reports and data collected by reputed agencies have pointed to a figure that is terrifying. When over 77% of population is able to earn a mere Rs. 20 per day, it is not surprising that 50% rural population and 38% of urban population remains under nutritioned. And one can only imagine the impact of rising prices on these ill-fated people. Food Inflation has reached 16%. A cursory look and food articles index which represents food items like cereals, pulses, vegetable and milk etc reveals that in last few months the surge has been phenomenal. Figures show that prices of primary food articles have been implacably high. Yet this has not become a political issue. Except for customary discussion in parliament and usual swap of accusations and counter allegations between treasury benches and opposition parties nothing tangible has come out. It is very important to recognise that rise of price of food items is a very serious concern. It is latent with momentous repercussions on every other facet of our national life including the sovereignty of the country. Food security is an essential component of nation's economic and political wellbeing. Hungry population is impending volatile stuff that can tear apart every single accomplishment we may be proud of.

Price rise, we have to appreciate, is not due to a single factor as is being projected by the ruling elite. Attempt is being made to pass on the buck and blame poor moon soon; rise in the price of petroleum products and similar other global factors. Central government is patting its own back for having done enough to check escalating prices and also for taking care of poorest of poor under schemes like NREGA and farm loan waiver. Remaining fault, if any, is passed on to states for their inability to reform PDS and control prices. Opposition parties are no different. They also are not ready to take the issue of price rise beyond a point. They seem to have limited their role to issuance of press releases and at best blame the government in comforts of 24x7 television channel studios. No party has taken or is willing to take the issue to people and mobilise public opinion in order to pressurise government for changing its anti-farmer, anti-poor, economic policies. Political parties get agitated over now irrelevant Librehan Report. People of one state working in another also make them fume. So does the issue like gay rights, and so on. But it is left to poor farmers to take leave from their farm activities and demonstrate on the roads of national capital to highlight their woes.

Comprehending risks involved in averting steps required to check price rise of essential commodities particularly food items is indispensable. We have to realise that rise in prices is not only due to external factors; government policies are as much to be blamed for the same if not more. Climate change and its harmful effects on vulnerable sections of population is by now a well known fact. So is the volatility of petroleum products. Government can't take them as a shield. It should instead factor them in while framing its policies and ensure that adverse impact is curtailed. Politicians as a class, more so the new breed of board room politicians, who see no merit in contacting masses and instead rely on televising their manipulated images through obliging TV Channels, also need to be a little more sensitive in their own long term interest. Country as a first step needs to shift to CPI in place of WPI. There is a mismatch between the two that results in a lot of misgivings and also affects valuation of our currency. Cost push inflation due to supply shock also needs better handling. While importing food items in short supply may be a short term measure, it must be used rarely as final alternative. Managers of economy and the country need to tackle the issue of supply-demand from a long term perspective. It is a front where we are being found wanting. Agriculture sector in this country is a neglected sector not only is the share of agriculture in our GDP dwindling it has ceased to attract fair share of budget allocations. This drift needs to be arrested without any further delay. Country is witnessing sharp decline in area under cultivation because of the fertile cultivable land being handed over to industry and capitalists for non- farm non-productive activities like real estate development. Average production per hectare is showing no improvement. Government needs to address this aspect realistically and not cosmetically. Food is not a commodity like others.

We should instantaneously go back to a policy in which food self-sufficiency is a priority.



## National Conference Swadeshi is an effort towards a fair Global Economic Order

A Report by Deepak Sharma Pardeep

Ninth All India Conference of SJM was held in "Prayagraj" (Allahabad), the amalgamation of holy Ganges, Yamuna and Sarswati on 6,7,8<sup>th</sup> November 2009. The holy city played a perfect host to the "Swadeshi Kumbh" in which 1162 delegates including 250 women from across the country participated. Central Working Committee and National Council of SJM also met at the same venue on 5<sup>th</sup> November 2009.

Specially created "Rajju Bhaya Nagar" and its "Chandershekhar Azad Auditorium" came alive on 6<sup>th</sup> November morning with the inauguration of the conference in the city that has the credit of being the birth place of Prof. Rajender Singh (Rajju Bhaya) and also the place of martyrdom of Chandershekhar Azad besides being one of the most revered pilgrim centres of India.

Images of Swadeshi icons like

Matatma Gandhi, Maharishi Arvind, Baba Sahab Dr. B.R. Ambedkar, Pt. Deendayal Upadhyaya & Sh. Dattopant Thengdi produced an stimulating atmosphere. Inaugural session was attended by Rev. Swami Gopal ji Maharaj of Saccha Baba Ashram, Sh. Madan Dass ji Devi of Rashtriya Swayamsewak Sangh, Justice (Retd) Chakervarti Prabhakar Misra of Kolkata High Court, Shri Kesrinath Tripathi, former speaker of U.P. Legislative



Sh. Arun Ojha  
National Convenor, SJM

**SJM is an issue based socio-political and economic movement. Constituted on 22<sup>nd</sup> November 1991 by Rev. Dattopant Thengdi as a response to ill conceived globalisation, it continues to fight the war of economic independence and self reliance. SJM is mobilizing people on ideological level, through constructive projects and protest demonstrations. It is a movement for inclusion of disadvantageous sections of the society into the main stream of economic betterment.**

**Resolution-1****Global Environmental Crisis and India's Response**

Global environment has reached a seriously critical situation. The Inter governmental Panel on Climate Change in its fourth assessment report released in February 2007 has warned that if global  $\text{CO}_2$  emission continues at the same rate, by the end of the century – 2100, global temperature may go up by  $6^\circ\text{C}$  and all living beings may be wiped out of the face of the Earth. Later research studies are pointing out that the catastrophe may happen even earlier.

So far as India is concerned, the I.P.C.C. report warns that by 2035, all the Himalayan Glaciers may melt away and Rivers, Ganga, Yamuna, Sindhu and their tributaries may dry up in the summer months. One can not even imagine the tragedy that befalls on Indian agriculture, drinking water, health and so on without these mighty rivers.

The Copenhagen conference on global climate change scheduled for December 2009, is said to be the last chance for human survival. The developed countries are the villains who by their greed and unsustainable G.H.G. emissions for over 200 years, have brought about this situation. They have not only polluted their environmental space, but also the environmental space of the developing countries. The average  $\text{CO}_2$  emission of the 30 odd developed countries is 20 tons per capita, whereas in the developing countries it is just 0.1 ton.

In this situation the developing countries mainly India and China are arguing that the developed countries should take steps to drastically reduce their G.H.G. emissions in a time bound, measurable manner.

They also argue that the developing countries should not be bound by similar emission reduction responsibilities, since they have started developing only recently. They are insisting on common but differentiated responsibilities.

The developed countries on the other hand, under the leadership of the U.S. and E.U. are trying to shift the responsibility on India and China. They are stating that since these two countries are growing at the fastest rate and their emission rate is also increasing, these two countries also should take equal responsibility as the developed countries.

At the same time the U.S. is adopting at least 3 legislations preventing the developing countries from accessing the green technologies from the U.S. companies.

The system of carbon trading is a trick played by the developed countries on the developing ones. It is a vehicle for the developed countries to shift their responsibility of  $\text{CO}_2$  reduction on to the shoulders of the developing countries.

The government of India is taking to Nuclear Power generation in a big way. We must understand that Nuclear Power can not be an alternative to coal based Power. Nuclear Power is costly, and environmentally more dangerous due to long term radiation effects.

SJM demands that the UPA government should not dilute its stand at the Copenhagen Conference. It must insist on—

1. Common but differentiated responsibilities for developing countries.
2. Free access to green technologies.
3. Financial compensation to the developing countries for effective implementation of green technologies.
4. Carbon trading mechanism should be put an end to.
5. Give up its Nuclear Power programme and give renewable energy sources top priority.

Assembly, famous industrialist Vi-jay Garodia (Head Barak Valley Cement Ltd.), Arun Ojha National Convener SJM, Co-conveners, Sh. Saroj Mitra, Ravi Wig, Prof. BM Kumarswamy, National Sanghatak Sh. Kashmiri Lal, besides Sh. Ramprakash Mishra from BMS. Sh. Laxminarayan Bala from Vidya

Bharti, Sh. Gopal Sharma from ABVP, Sh. Kripa Prasad from Vanvasi Kalyan Ashram and Convener of Conference Yogesh Shukla and Dr. Chander Mohan, the co-conveners. Esteemed guests lit the traditional lamp. After singing of national song Vandematram, Sh. Kesarinath Tripathi, Chairman

welcome committee, welcomed the delegates from rest of the country, amidst clapping and “Bharat Mata ki Jai” slogan. Criticising issuance of Fatwa against “Vandematram”, Shri Tripathi asserted that opposition to the national song means rejecting swadeshi concept. He commended the role



## Resolution-2 Globalisation: Its impact on farmers, labour and youth

The world as a whole had its innings with the so called globalisation for the last two decades. The result we are witnessing today is chaos and confusion described as "Global Meltdown". The global community is analyzing the reasons and also searching for solution to end chaos.

The SJM right from its inception in 1991 has been cautioning against the mindless globalization. The apprehensions expressed by the SJM from time to time has become true time to time. Today the debate has shifted to de-globalisation, economic nationalism, economic patriotism etc. all representing the idea of Swadeshi in one form or other. The globalization agenda had its adverse impact on various sectors with positive influence on a very narrow segment. The most affected sectors are farmers, labour and youth.

**Agriculture:** Farmers are not being provided remunerative prices. The prices of agriculture produce have increased without benefiting the farmers but only middle men. Multinationals and corporates are encroaching the domain of small farmers driving them from their livelihood inherited from generation to generation. While Bt. Cotton has replaced the traditional cotton there are efforts being made to introduce Bt. Technology in food sector like brinjal in the cover of increased productivity. Seed business is changing hands from farmers to multinationals. The largest employment generating sector is thus exposed to be vagaries of international trade.

Efforts are being made to replace organic farming with GM technology. In the name of SEZs fertile land of small farmers are taken over by big corporates making them landless labourers. In the last decade the nation has witnessed farmers suicide on larger scale. Many patriotic experts are cautioning that the country is likely to become net importer of food grains if this trend is continued.

**Labour:** Globalisation promotes capital intensive mechanization at the cost of employment, mainly unskilled. The labour lost its bargaining power in the last two decades leaving them completely at the mercy of capitalists. Small scale, micro and cottage industries are the most effected resulting in destruction of self employment avenues. A paradoxical situation of high growth with loss in employment has come in to being. This situation provides a fertile ground for the growth of naxalite movement across the country.

**Youth:** Our country represents the youth force of the world with 60% of the 110 crore population under the age of 35. We owe a duty to enlighten the youth about the rich tradition of our great nation & inculcate in them the spirit of patriotism & their duty to take the great nation forward. Globalisation weans them away from the national spirit & they are carried away with the false propaganda about the state of affairs of the so called developed countries. Globalization systematically destroys the values & belief of our nation. The recent move of the government to permit foreign universities to set up centres is likely to further alienate the youth.

In this background SJM demands that –

1. Agriculture should continue to remain as a national sector & the efforts to internationalise the same should be stopped immediately & the indigenous cow based natural character of agriculture should be preserved.
2. To ensure remunerative prices to the farmers Agricultural Prices Commission be constituted under the constitution of India with sufficient representation of the farmers and its recommendations be made binding on the government of India.
3. Employment generating sectors should be protected and a situation be evolved to restore its true place as partner in business to the labour.
4. By appropriate measures youth of the country should be made to take pride about the nation & false propaganda in the name of globalization should be stopped.
5. Steps being taken to permit foreign university enter the country should be stopped.

### LITERATURE RELEASED

1. A DVD containing lectures of Sh. Madan Dass Devi; Sh. Muralidhar Rao; Prof. Bhagwati Prasad Sharma; Dr. Dhanpat Aggarwal; Dr. J. K. Bajaj & Sh. Arvind Kejriwal delivered in Jaipur vicharvarga of SJM.
2. *Bharat Main Bharat Ho* a collection of poems by Sh Laxminarayan Bala. Sh Madan Dass Devi released both DVD and poetic collection.
3. *Ikeesvin Sadi Main Hind Swaraj* a booklet by Sh Shailendra Senegar based on Hind Swaraj of Mahatma Gandhi was released by Muralidhar Rao
4. *Walmart-Bhartiya Khudra Vyapar ke Liye Khatra* by economist Dr. Subash Sharma, the co-convenor of Punjab state SJM was released by Santosh Gangwar, former Union Minister.
5. *Jainik Krishi* by Dr. R.C. Mishra and Sh. Anurag Pandey

**Resolution-3****Safeguard National Interest in WTO**

WTO has completed almost 15 years of its existence since 1.1.1995 and is going to hold its 7th Ministerial Conference in Geneva on 30th November - 2nd December, 2009, to discuss the ongoing Doha Development Agenda, which was initiated in the 4th Ministerial in 2001. Doha Agenda happens to be the largest round of discussion and/or deadlock since the Uruguay Round, which lasted for seven years (1986-1993).

The Developed Countries extracted & exploited the maximum from the developing countries on the basis of inclusion of Agriculture & intellectual property rights, through Dunkel Draft in the Uruguay Round. However, when a time has come for them to give something in return as per Doha Development Agenda, they are refusing to meet their commitments & asking for many more concessions in lieu of what they are obliged to give.



The farmers all round the developing countries have lost heavily during the past 15 years, due to trade distorting subsidies provided by OECD Group of rich countries and the amount of such subsidies have increased from US \$ 180 Billion as on 1.1.1995 to around US \$ 400 Billion now. United States alone provides a subsidy of US\$ 5 Billion to its rich cotton exporting agro based companies and a limited number of 25,000 farmers causing tremendous damage to the poor cotton growing farmers in West African countries namely Mali, Chad, Burkina Faso and Benin. Similarly, European Union, provides export subsidies on farm produce and thereby depriving the farmers of the poor countries from getting remunerative prices. There is manipulation of the nature and content of subsidies in the name of different boxes, being the green box, blue box and the amber box. Besides agriculture, the implementation of Trade Related Aspects of Intellectual Property Rights (TRIPS) and the resultant changes in the patent laws, specially the introduction of Product Patents for pharmaceuticals and drugs have caused monopolization of medicines and the skyrocketing prices. The developed countries have been using WTO as a tool wholly to their advantage and have created a mechanism of unfair trade in the name of free trade. They are using different Non Tariff Barriers in the name of labour and environmental standards and thereby denying market access to the products of the developing countries. They are also introducing protectionism in the name of job security and different necessity tests, technical standards and domestic regulation in the services sector and thereby denying the benefits of rich human resource to the developing countries. There is a smoke screen and hidden agenda in an unilateral fashion and the basic fabric of transparency, democratic decision making process are lacking all through. There is an overlapping of several, Regional Trade Agreements and Free Trade Agreements, whereby multilateralism at WTO has become almost irrelevant, this National Convention of the Swadeshi Jagran Manch therefore demands-

1. Government of India must drop agriculture from WTO.
2. All existing agendas should be discussed first before any new agenda is brought for discussion.
3. The issues of protection of traditional knowledge, Bio Diversity and extension of Geographical Indications, beyond Wines and Spirits, should be brought under the WTO Work Programme.
4. No further cut on the import tariffs on industrial goods under the NAMA negotiation should be allowed.
5. India should insist on getting full market access under Mode I for cross border supply of services through internet and under Mode 4 for the movement of natural persons in all the sectors and no compromise should be made on preventing Foreign Direct Investment (FDI) in retail and education under Mode 3 of commercial presence.
6. Since developed countries have failed to honour their own commitments with regard to reduction in agricultural subsidies there is no reason why India should not reconsider its commitments and concessions regard to the intellectual property regime. As a first step India should press for renegotiation on the entire TRIPS agreement and should initiate re-amendments in Indian Patent Act.



### Resolution-4

### Stop Inflation- Save Common Man

For the past many years common man is living under the pressure of hyper inflation. Prices of food grains, pulses, edible oils and vegetables have doubled and in some cases even quadrupled in just one year. Government has been misguiding by saying that whole sale price index has been either falling or rising at a very low rate. Last month the Government itself admitted that consumer price index has risen by 13 % and prices of food products have increased by more than 30 % in the last one year.

On the one hand unemployment inequalities in increase and wealth are on the rise due to anti-people economic policies of the government. Incomes of farmers and workers are either falling or are stagnant, but fast rising prices of food items are having life threatening impact on them. All the promises made by the Government are turning out to be empty. Rather the wrong policies of the Government are accentuating the rate of inflation.

In the name of recession Government has been increasing it's expenditure which is leading to large scale fiscal deficit. While the Government fails to garner sufficient resources, it is trying to bridge the gap by asking the RBI to print extra currency. Last year Rupees One Lakh Crore worth of additional currency was issued and this figure is expected to exceed One Lakh fifty thousand crores in the current year. Neglect of agriculture is causing huge losses in agricultural production and in the last year production of all agricultural products including food grains, pulses, edible oils and sugar cane has fallen.

On the other hand Government is encouraging shift of agricultural land for non agricultural usage, which is further going to affect agricultural production adversely. Government is trying to shift the blame on hoarding of agricultural produce. The fact is government itself has been encouraging hoarding of agricultural produce by allowing large scale procurement of agricultural produce by huge corporates both Indian and Multi National. Further commodity trading is adding fuel to the fire. Concessions are being given to MNCs for contract farming to get their requirements produced from the farmers, this is further exacerbating the price rise.

For the last many years the Government has been washing it's hand off from procurement of agricultural produce at remunerative prices. Due to huge losses being incurred by farmers, they are fast exiting agriculture and are even committing suicide.

To safe guard the interests of farmers, workers and the common man, there is an urgent need to adopt honest measures to combat inflation. This Convention of Swadeshi Jagran Manch demands :

1. Inessential Government expenditure be curbed.
2. Neglect of agriculture be stopped and encourage development of agricultural sector.
3. Stop diversion of agricultural produce for non agricultural purposes.
4. Curb monopolization in agricultural markets.
5. Ban commodity exchanges for trading in agriculture produce
6. Provide remunerative prices for agriculture produce to farmers.
7. Measures be adopted to drastically reduce income and wealth inequalities.



**Sh. P. Muralidhar Rao**  
Member, CWC, SJM

**Agriculture:** People exited by GDP growth need to understand this so called growth and expansion is at the cost of workers, villages, labourers, tribals and biodiversity, climate, minerals wealth, rivers and all other related factors. Share of Agriculture in the GDP has shrunk to just 18% and it gets mere 1% of a record budget of Rs1020000 crore/- while population dependent on the sector continues to be around 60%. How can nation progress if 6 lakh villages continue to suffer and Lag behind? Thousands of hacters of productive farm land is being transformed and used for non farm activities. This progressively disappearing farmland is resulting in food insecurity that will ultimately threaten the security and integrity of the country.

**Resolution (passed in National Council)****Orissa on Sale**

The govt of Orissa is acquiring agricultural land by driving out thousands of villagers & demolishing about 20 villages in Orissa near sea coast of Puri to hand over about 8,000 acres of lands at present & seven thousand acres later on to M/s Anil Agarwal, a registered company which will establish one university which is yet to be registered as an educational institution.

Instructed by Chief Minister of Orissa, State govt moved in undue haste to mend, bend all rules and regulations to satisfy one company which changed its name from Sterlite to Vedanta & to Anil Agarwal Foundation with sole purpose and motive to grab thousands of acres of prime land in the sea coast of Puri known as Marine Drive the company changed its status from private to public company. The proposed university will not pay any tax for next 20 years and will enjoy full autonomy in its administration, admission, teaching etc. This institute will not follow the declared reservation policy. The township to be built by M/s Anil Agarwal around the university will have its Captive Power Plant, Airport etc. and it will have control over 5 km area including the National Highway connecting Puri Town with Konark Sun Temple.

Thus, it will become one SEZ fully commercialised though in the name of education. The entire exercise may be termed as Mega Land Grabbing in broad day light by govt. of Orissa. About 1,000 acres of agricultural land for preparing Mahaprasad belonging to Sri Jagannath of Puri are being transferred to M/s Anil Agarwal. People of these villages have already started agitating against this shoddy deal.

SJM condemns such criminal, anti-people act on the part of govt. of Orissa and demands for cancellation immediately of such deal with M/s Anil Agarwal. SJM declares that it will launch massive agitation against this Mega Land grabbing in the name of Vedanta University.

SJM appeals to all democratic minded people throughout the country to extend their support to this mass movement to be launched in Orissa.

of SJM in promoting and preserving swadeshi.

National convener of SJM Shri Arun Ojha welcomed the guests and presented a detailed report of the activities undertaken by different units of SJM across the nation in the year by gone. The year was observed as "Public Contact" year and massive contact drive was undertaken to connect with worker's, labourers, farmers, youth, traders, industrialists, women, intellectuals, politicians and all other sections of the society. Printed copies of the report were distributed to all the delegates. Chief guest Shri Chakerwarti

Prabhakar and guest of honour Shri Vijay Garodia also addressed the delegates. Shri Madan Dass Devi in his address referred to the "Vasudev Kutumbakam" Concept and described WTO as western trade organisation.

Rev. Swami Gopal Maharaj, who chaired the inaugural session, described Prayagraj as a place that gave 5 Prime Ministers to India. Holding of 'Swadeshi Kumb' at such a place is a good omen, he added. Praising efforts of Swadeshi Jagaran Manch he assured the delegates that their hard work will bear the fruits.

National conference was

abuzz with different kind of activities on issues related to Swadeshi. Several Books and electronic literature was also released. Special lectures on some important issues like Agriculture, challenges from China, Alternative model of Development were delivered and resolutions were also passed.

One of the attractions was the Shoba Yatra (procession) and public rally. Cultural show by famous artists was another lure. Parallel sessions were held on different topics. Some announcements were made to effect certain organizational changes. Future programmes were also declared. □□



**Dr. BP Sharma**  
National Co-Convenor, SJM

**Challenges from China:** China continues to be a dangerous adversary. It earns millions of Rupees from trade with India and uses the same money to intimidate us. 20-25% telephone exchanges and many more telecommunication products like modems, radars for weather forecasts are of Chinese made that is a potential security risk. Around 10000 cyber warriors of china are constantly keeping a vigil on our internet related security setup. Cyber thefts of immense value have already come to light. We need to awaken to the threat without any further delay.

## Brace yourself, Crisis will worsen!



*Leaders of the global economy are pleased these days to see hope of recovery coming from the pick up in growth rate in the United States to a respectable 2.5 percent this quarter. But this growth may be artificial and in fact may be an invitation to a deeper crisis, believes* **Dr Bharat Jhunjunwala**

Leaders of the global economy are pleased these days. Chairman of the US Federal Reserve Bank Ben Bernanke sees 'green shoots' showing up on the economic landscape. Master investor Warren Buffet has claimed that 'The financial panic is behind us'. I have doubts, though. It seems to me that it is instead likely that the world economy will slide into a yet bigger crisis in the coming 2-3 years.

Hope of recovery comes from the pick up in growth rate in the United States to a respectable 2.5 percent this quarter. But this growth may be artificial. Robert Kuttner, Co-Editor of The American Prospect writes, "Every major sector that reflects the purely private economy has been losing jobs, the only exception being energy extraction plus a tiny increase in computer systems design and management consulting. All of the other expanding sectors that are actually adding jobs reflect government spending - education, health, general government. But the declines in the workhorse parts of the private economy such as manufacturing, construction, and retailing are huge." Remember that the US Government has increased spending to break the recession. This spending turns up as income in the national income calculations. The treatment of a patient in a



government hospital adds to the GDP, for example. The much touted growth rate of 2.5 percent is not built upon private business activity. This claim is like that of a person who has lost his job takes a loan to buy a television and declares he is 'growing'.

In fact, this 'growth' is invitation to a deeper crisis. The US Government has issued Treasury Bonds to raise funds for increasing expenditures under the stimulus package. These expenditures are showing up as growth for the moment. But the Bonds will have to be redeemed soon. The US Government will have to raise money for this. But the expenditures are not leading to an increase in the private economy. In the re-

sult the tax collections are likely to remain flat. The Government will have to impose more taxes on businesses to raise funds to redeem the Treasury Bonds. Businesses are already reeling from competition from cheap goods made by China and India. Additionally, they will have to pay higher taxes. This will add to the crisis.

The second sign of green shoots cited by Mr Bernanke is increase in bank credit. Indeed this is a solid indicator of growth in normal times. But these times are not normal. They are exceptional.

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***This 'growth' is  
invitation to a deeper  
crisis.***

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It seems the expansion of bank credit is deceptive. The Federal Reserve has lowered the interest rate to 0.25 percent. This has opened up an opportunity for arbitrage. Banks can borrow money at 0.25% and invest in 1-year Treasury Bonds that give a return of 1.4 percent. Some of the increase in bank credit is likely to come from this source. It is like oil floating on water without any connection with the real economy. Continuing job losses indicate that the real economy is floundering.

The third sign of hope is simply irresistible enthusiasm. Warren Buffet said in an interview: "The American economy will come back... Businesses will be formed. Businesses will expand... We're not out of the hospital yet. But we will come out of the hospital... It happened in the 19th century, it happened in the 20th century at various times, and we've always come back stronger." But history teaches that it teaches nothing. This is 21st century and the rules of the game have changed. Previously many technological innovations such as electricity, telephone, radio, steam engine, internal combustion engine, airplane and computer were taking place in the Western countries. The US economy has bounced back from previous crisis on the strength of such innovations.

In 1997-98, for example, the US economy was down. The US had started to cut investment in Thailand and also on imports of cars from that country. This was the cause of the East Asian crisis of late nineties. The internet was developed at this same time. Huge profits were made by companies like Microsoft and Cisco Systems.

The NASDAQ was booming. These innovations in the IT sector pulled the US economy out of the slowdown.

I have doubts whether that experience is repeatable. Technological innovations appear to have reached a plateau these days. Moreover, new innovations may not take place in the Western countries. The cheapest car Nano, for example, has been made in India. Research is being increasingly outsourced. Thus the US economy may not bounce back this time as it has done in the past.

It is more likely that the Western countries will face the double problem of stagnation and inflation. The Central Banks have adopted easy money policy to make

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### ***The expansion of bank credit is deceptive.***

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available funds to their governments for increasing expenditures under the stimulus packages. As mentioned above, the US Federal Reserve Bank has reduced interest rates to 0.25%—the lowest possible. This is leading to more borrowing for buying Treasury Bonds and to an increase in money supply in the economy which, in turn, will lead to increase in prices. Surely, businesses have also benefited from the low interest rates. But their main problem is not interest burden. Their main problem is high domestic wage rates. An unskilled worker is paid about Rs 200 per day in India against Rs 3,000 in the US. The reduction in interest burden is not big enough to compensate for the high wage rates. Thus the private

economy is likely to remain subdued and tax revenues of the government will be down. But the government will have to redeem the bonds that have been issued to finance the stimulus package. The Government will have to impose taxes to raise money for this redemption and push the private economy into deeper crisis.

The impact of this deepening of the global crisis on India will be mixed. Our share markets may face pressure. Foreign investors had withdrawn in 2008 when the banking crisis had struck in the US and led to the collapse of our share market. On the other hand, it is also possible that global investors may exit from the sinking US markets and buy in the rising Indian markets. The experience of the last six months indicates a return of foreign investors. The overall impact is, therefore, likely to remain mixed. Our exports will likewise face a mixed impact. Vendors supplying to US manufacturers will come under pressure as the US economy implodes. But we may be able to increase our exports to Africa and South America who may find our goods cheaper than those being supplied by the US till recently.

Remember the main cause of the present crisis is that Western companies are unable to face competition from the cheap goods made in China and India. Therefore, the loss of Western countries should partly, at least, translate into a gain for us. Instead of hoping to redo business as usual with the revival of the Western economies, we should work out strategies to benefit from their impending collapse. □□

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## Warming world needs soothing effect of pledges from the developed WEST

*In the backdrop of Global Financial Crisis Will Geneva & Copenhagen meets render trade and climate justice asks* **ASHOK B SHARMA**

World is anxiously waiting for the outcome of two crucial events scheduled at the close of the year 2009. One such event is the three-day Seventh WTO Ministerial Meeting beginning in Geneva from November 30 and the other is the four-day UNFCCC's 15th Conference of Parties (CoP-15) on climate change beginning from December 7 in Copenhagen.

The results of these two crucial events are likely to be on the expected lines. At this particular time of global financial crisis and accompanying recession the developed nations are unwilling to make any substantial commitments that would ensure free and fair practices in the multilateral trading system and give a level-playing field to the developing and least developed countries. The developed nations, with a view to save themselves from the impact of the global crisis, have become more protectionist in trade. The US Administration under President Obama has recently initiated several measures that directly and indirectly restrict free and fair trade. Apart from fostering protectionism in trade, the developed countries are aggressive for opening up of markets in developing countries.

Similarly is the case for cutting down greenhouse gas (GHG) emission levels by the developed countries. Climate politics is taking a new turn. The developed countries are

unwilling to reduce their energy consumption and effect a change in their life style as they believe that this existing order would help to keep their economies intact – no matter what happens to the rest of the world. A commitment for a drastic cut in their emission level can, however, save the warming world from a catastrophe!

The climate politics of the developed countries, particularly



that of US is to focus more on carbon trading, trade in green goods and services and less on emission cuts. Though under 'the principle of common but differentiated responsibilities and respective capabilities', the developing nations are not required to make commitments for emission cuts, the pressure is mounting on them to do so with a mechanism for global monitoring of compliances. Plot is being hatched to rope in developing countries by suggesting black carbon emission as one of the cause for global warming, while there is no conclusive scientific evidence

for it. The recent UNFA report has shamelessly mentioned black carbon emission in developing countries as a cause for global warming. However, Some developing countries have, on their own, taken some initiatives to contain their GHG emission.

If the developed countries are interested in roping in developing nations in commitments for emission cuts, it would be better to suggest a global norm for per capita energy consumption and fix the emission cut on per capita basis. This judicious formula may not be agreeable by the developed nations as their per capita energy consumption & emission are much higher than in the developing world.

The developing countries have the right to the development process for lifting millions of people out of poverty. They are in search of appropriate technology transfer and adequate finance from the developed world so that they can carry on their development process as usual without much burdening the global atmosphere with GHG emissions. A trap is being carefully laid in Copenhagen to allure the developing countries with sops like technology and finance transfer and modifications in carbon trading mechanism so that the developed countries can bypass their commitments for effecting their emission cuts.

Technology transfer is likely to carry a tag of stringent intellectual property rights, the price of which the developing countries would have to pay. It would better in the interests of the world as a whole that intellectual property regimes do not come in the way of green technology transfer and green goods and services become affordable. Or else the Copenhagen conference is likely to only boost the prospects of the developed world in trade of green goods & services.

The warming world now needs some soothing effect which can come primarily from the commitments from the developed countries to drastically cut their emission levels. If this does not happen then the Copenhagen conference would mean nothing in terms of climate justice. On the whole the developing countries would continue to suffer with increased climate extremities, droughts, floods, cyclones, storm surges, threat of submergence and other natural calamities.

The world leaders need to emphasis & render incentives for not only for preservation and conservation of natural forests but also for increasing the area under dense forests. It is a tragedy that climate sensitive sectors like forestry, mining & fishery are wrongfully placed under Non-Agriculture? Market Access (NAMA) ie industrial goods in the WTO. This encourages more deforestation to meet the greed of timber trade and more depletion of natural mineral and marine resources. Forestry, mining & fishery need to place under Agriculture negotiations in the WTO.

Negotiations in the Seventh WTO Ministerial in Geneva and the Copenhagen climate conference are closely inter-linked. It is

not surprising that the trade in green goods and services may figure in the Geneva talks ahead of the Copenhagen meet.

In today's unipolar world, the US holds the key to the success or failure of any international negotiations. Badly stung by the global financial crisis and in a frantic bid to save its ailing economy, it is in search of allies in the emerging economies. The US has, however found two such allies – India and China. The US President Obama has recently offered strategic bilateral partnerships with India and China – two emerging economies that have the capability to influence other developing countries.

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***Negotiations in the  
Seventh WTO Ministerial  
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Brazil, which is an emerging economy and aggressive in trade interests, may not be vocal in protecting the defensive interests of the farmers in developing world.

The US-India Joint Statement signed on November 24, 2009 has said : “Prime Minister Singh and President Obama recognised that the India-US relationship is important for managing the challenges the world will face in the 21st century.”

Recently, The Australian Prime Minister, Kevin Michael Rudd and the Indian Prime Minister, Manmohan Singh struck a Strategic Partnership for comprehensive cooperation in almost all sectors including defence. Australia has an ambition to emerge as a leader in the Asia-Pacific region and intends to sign free trade agreements (FTAs) with India, China,

Japan and South Korea. Australia is aware that India is forging closer links with US and is leaving a larger footprint across the Indian Ocean. Rudd has described Asia-Pacific region where the big power relationships most closely intersect – the crucible where the relationships among the US, India, China, Japan and Russia are forged and the template for the emergence of US-China relationship and where the complementary and competitive interests of the major powers would need to be managed, harmonized and reconciled.

The advocates for trade and climate justice on behalf of the developing world should study the fine fabrics of the changing geo-politics and how the developed countries are ganging up and forging alliances with the emerging economies to save themselves from the adverse impact of the global financial crisis.

Majority of G-20 finance ministers are in favour of strengthening the sagging US dollar so that it continues to act as the global currency reserve. Less than three weeks after India stunned global markets with its decision to buy 200 tonne of gold from the IMF for \$6.7 billion as a hedge against the weakening US dollar, the Indian Prime Minister Manmohan Singh in an interview to Newsweek of US said : “I have heard many times before. When I was in the US in the late 1960s there was Prof. Robert Triffin at Yale who wrote a famous book – Gold & the Dollar Crisis – saying the dollar's role as a reserve currency has come to an end and the US must recognise this. That was said in 1968. Then of course came 1971 when the US went off the Gold Exchange Ten-

[Continued on page no. 27]



## Don't Complain, Fight your own Battles



*We Indians will have to fight our own battles. We cannot expect the US to help us fight them, argues* **Tarun Vijay**

Two kinds of people are complaining about Barack Obama's Asia tour. One, those Americans who have been seeing America in the George W Bush mould for too long. They get depressed about a placid president and hence describing his Asia visit as 'timid' or too yielding to China.

They would have loved an Obama chiding the Chinese and demanding a human rights commission on Tibet. Obama didn't oblige them. He needed a facelift for the US and tried his best.

In the second category of people, we stand out brightly. We like others to do our unfinished jobs. It is not amazing to see Indian cry babies complaining too much that Obama didn't do enough for us. We forget he is the president of the United States and his first and foremost duty is to serve her interest and not ours.

And he did well for the US in his first Asia tour that took him to Japan, Singapore, China and South Korea in nine days – with the maximum time being spent in China, the Asian superpower who spoke to the White House with an erect spine and received a warm hug.

In fact, Obama is the first US president after a long time who presented the image of an amiable, friendly & accessible head of

a superpower that had otherwise become synonymous with crude diplomacy laced with military adventurism during the Bush era.

In Japan Obama won a standing ovation when he presented his Pacific connection story – a very personal and a touching one indeed. And in China his descent from Air Force One alone holding an umbrella amidst Shanghai's first rains won him instant fans.

If Obama has won another friend for Washington, why should we complain if our leaders are on a spree to lose all and bend backwards for an audience with a queen or an alien benefactor?

Americans are a patriotic people who elect leaders with a spine, never compromising national se-

***If Obama has won another friend for Washington, why should we complain.***



curity and always honouring their security forces.

If we don't do that, should we be complaining about it to the White House? Or should we set our own house right?

Here is a nation that doesn't honour its soldiers and keeps negotiating with traitors. We are a State that doesn't care about its farmers till they block Delhi's roads. We get enmeshed in hot money pursuits stashed in places like Laos and Liberia, and no one believes the culprit will ever get

## ***Obama is not ruling the US to ensure India benefits.***

punished.

Who knows if a Koda or a Reddy will get 20 plus MPs in the next election and be inducted as the Cabinet minister in charge of internal security?

We kow-tow disoriented before the most horrendous of jihad sponsors and keep inviting murderers for talks & talks and then again talks for decades without resolving the main issues of contention.

Then, one fine morning, when we see the leader of a strong nation discussing our problems with his counterpart, we feel oh, why has he not helped us solve our problems with China? And with Pakistan? And while we have signed a nuke deal, why should it put pressure on us to sign the Comprehensive Test Ban Treaty too?

The US did what it did because that is what it thought was good for it. Obama is not ruling the US to ensure India benefits. Is that clear?

And look how our leaders, the great, patriotic, democratic representatives of this land behave. Here is a 'certificate, which I quote from a national daily: 'Vice-chief of the Indian Air Force, Air Marshal P K Barbor, said, "Politicians cutting across party lines are upsetting armed forces modernisation and procurement programmes." He further added, "The fact remains that the IAF's fleet of fighter aircraft is getting depleted. The navy's submarine strength is dwindling and the army has not added a new gun to its

heavy artillery in more than 20 years. The weapons, ammunition and systems with the armed forces are getting outdated faster than the government is able to replace them. Irresponsible politics over the years, sometimes when a party is in government or sometimes when it is in the Opposition – it has all along been seen that whenever the government of the day clears something, the Opposition says no. This badly impinges (on the preparedness) of the defence (forces)," he said.'

Do we need more to complain to Obama?

Now that our prime minister is in the US, guess what the 'biggest' secret that the wizards of the PM's media advisors doled out just before Dr Singh left for the US was. Some gems from a news agency report: 'As the silence fuelled speculation, the White House finally broke the silence to let out the closely guarded secret saying that the dinner would be held under the massive tent instead of the ornate state dining room. The tent option has been picked up as the guest list mushroomed and instead of 120 which the ornate room can accommodate, the Obamas are inviting close to 400 people for their first state dinner on Nov. 24.'

That's all we need. Khana peena aur ghoomna (food, drink and travel). Be happy that Obama is giving a lavish dinner to not just 120, but to 400 of all the important, leading Indian lights of

## ***Both the US and China do not recognise Kashmir as a part of India.***

American life. Is that a mean achievement?

The US and China know what they want. China made the US accept its significant role in Asia, turned India into an area to be watched, controlled and helped to stay calm while remaining friendliest with Pakistan.

Both the US and China do not recognise Kashmir as a part of India. They look at the area as an unsettled matter, help Pakistan with dollars and military help, turn a blind eye towards Pakistan using their arms and grants against us, have done nothing to help India post 26/11, have refrained to tell Islamabad to stop its patronage to anti-India elements.

One of them attacked India in 1962; the other had remained a silent spectator then. Even so our analysts and Washington watchers feel at least now the US should help us. Wow!

When we are left to our own, we do better. Obama postponed his meeting with the Dalai Lama, before his China visit. We stood firm and allowed the Dalai Lama to go to Arunachal Pradesh. We trusted the US, inked a controversial nuke deal and hence invited China's bitter reaction expressed through its Arunachal raga, almost reminding of a cold war. The US did not even smile as if this doesn't concern it. And naturally so. Why should our spondylitis make the US lie low?

We have got to deal with the US on our own strength and delink relations with China from Washington and the Dalai Lama. If we have to save Arunachal, it would be done on the shoulders of leaders in Delhi who have a spine and a will to raise the mil-

itary strength to a winnable level. Not that we have to increase the numbers of fighter jets and submarines and nuke bombs to what Beijing possess.

Wars are not won by exchanging lists, but by the fierce resolve to destroy the enemy with a first strike mental make-up.

As one American commentator put it succinctly, 'Overall, Obama's Asia policy has been largely driven by events and domestic priorities rather than by an overarching strategic vision. The Obama team had to closely coordinate with China on financial matters in response to the financial crisis.'

Hence, Obama won't care about India's case on Kashmir or rescuing Aung San Suu Kyi, leave aside helping the Dalai Lama to get back to Tibet honourably. His

priorities are different.

Feeling euphoric seeing Obama hiring a few Americans with Indian faces on his team make no sense. They would be overburdened to ensure nobody blames them emotionally helping India crossing lines of American interest.

After all, Washington didn't allow Indian intelligence officers to question David Coleman Headley arrested by the Federal Bureau of Investigation on charges of plotting terror attacks in India though India had allowed the FBI to interrogate Ajmal Kasab, the lone terrorist held in the 26/11 Mumbai attacks.

The US hasn't yet taken Indian companies, including the Indian Space and Research Organisation, off the blacklist prohibiting US agencies dealing with them.

It is pressurising India to sign the CTBT without considering that we are surrounded by two nuke powers hostile to us.

The US didn't help us in 1962, bullied us in 1971, put hurdles in our way to punish Pakistan post Kargil thus helping Islamabad's dictator, didn't take up our case post 26/11.

Washington – or for that matter any superpower – respects those who have strength and show an unyielding attitude.

Till we have such rulers who choose a date like 26/11 to be in Washington, rather than being in Mumbai comforting the nation, we can't stop greater powers meddling in our region and affairs. □□

(Tarun Vijay is Director, Dr Syama Prasad Mookerjee Research Foundation. He is a well known Sr. Journalist. This article first appeared on rediff.com)

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## The country awaits many more shocks, recovery is fragile



*Latest review of the economy by the Reserve Bank of India has little to cheer the nation. Indications like "fragile recovery", rising inflation, lack of acceleration in private demand and below expectation performance of services sector signify apprehensions of a serious crisis, warns Shiva Ji Sarkar.*

The doctor has diagnosis but the prescription does not treat the symptoms. This is what Reserve Bank of India has done in its latest review of the economy. Its diagnosis, however, has little to cheer the nation. The Governor of RBI, D Subba Rao, says, "recovery is fragile, inflation is to touch 6.5 per cent by March 2010, private demand has yet to pick up and services sector is performing below the expectations".

The RBI has not made any change in the growth forecast. It continues to peg it at 6 per cent and it appears that it still conforms to its earlier projection of 5.75%.

Though Rao does not say more but his actions indicate that he apperhends a serious crisis. Officially except increasing the statutory liquidity ratio (SLR) - the percentage of deposits that banks are required to invest in government debt - to 25 per cent from the existing 24 per cent he has done little. In fact, it is a more cosmetic prescription as most of the banks are maintaining a higher SLR at 27 per cent. It is, however, a signal that the government is short of funds and its revenue generation is not matching its demands.

This is a sign that the government would be borrowing more



to sustain its budget projections. The rise in SLR is a step backward leading to the pre-reform age when banks were forced to finance large government deficits. "It is reversal of an exceptional measure", Subbarao says.

It is an indication that 2010 may not be as bright as it is being projected. The RBI stress on tight-

***The rise in SLR is a step backward leading to the pre-reform age when banks were forced to finance large government deficits.***

ening the screw, to prevent an impending financial crisis, is a grim indicator.

In its concern the central bank withdrew a special facility that made funds available from banks to mutual funds and finance companies; and now also made loans to commercial real estate more expensive; and forced banks to invest more in government bonds. The special facility was introduced last year to boost liquidity to financial sector firms after the credit market froze. It also means squeezing the funding process that ultimately leads to speculative activities in the stock market and real estate. It should

be taken as a warning and signals distrust in the stock market functions and the real estate.

It is also a reversal of the policy from providing stimulus to checking money supply so that inflation could be controlled. In other words it could be said that the course of debate on economic stimulus has been shifted from boosting growth to controlling inflation or managing inflationary expectations.

In doing all this, the central bank admitted that bank credit remained sluggish, which is at 10.8 per cent now, and cut its forecast for adjusted non-food credit growth in 2009-10 to 18 per cent from 20 per cent. Non-food credit is a euphemism for the credit off take by the industry, manufacturing and related sectors. This indicates that actual activities at most levels have come to the minimum and there is little hope of recovery in the near future. This possibly explains why Subbarao calls the recovery or growth "fragile".

The RBI has reason to be alarmed with the rise in prices of all assets - real estate, equities, gold and commodities. The equity prices have risen by 75 per cent surprisingly in an economy that has remained sluggish.

A 43 per cent year-on year growth in bank lending to real estate as the end of August had already sparked speculation that RBI might act on these loans. The real estate prices spurted on easy funding and this had to be curbed. The step would be welcome by all who are being fleeced by the real estate sector but it does not give solace to over 30 million people who do not own a dwelling unit.



***The real estate sharks have not been contained but the poor seekers of houses are the worst sufferers.***

The real estate sharks so have not been contained but the poor seekers of houses are the worst sufferers. The central bank with its flip flop policies has not been able to bring any succor to them. Its prescription of raising interest rates and squeezing credit has not hit those it has aimed at. It has not yet ushered in a regime of quality credit - proper appraisal of assets and the commercial sellers.

It is difficult to understand why it does not empower and also make it mandatory for the banks to scrutinise the housing pricing system. The banks have little say on the housing prices but they are expected to fund a sector managed largely by rogue companies. The present prescription is also not expected to hit them. It calls for a strong prescription to deal with these elements and not come out with mere showpieces as the RBI is doing repeatedly.

Despite some improvement in rise of the index of industrial production (IIP) at 5.8 per cent

compared to 0.6 per cent growth in 2008-09, it is not being considered as very positive. Intermediate and consumer durable goods sectors witnessed higher growth but the performance of capital goods and consumer non-durable goods was relatively modest.

The biggest concern is on the agricultural front. Fears have been expressed because deficient rainfall might cause disproportionate impact on overall economic prospects and on the sense of well being. "Poor output", the central bank says, "will push up prices and depress rural labour incomes. Given the inter-sectoral supply-demand linkages, the knock-on impact on the industrial and services sector can also be significant".

The central bank except expressing concern has not come out with a viable solution to push the economy up. Going by its reservations, it seems the country awaits many more shocks.

(The writer is senior economic and political affairs journalist and former senior editor, The Financial Express)

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## The Science & Economics of Self-Reliant Agriculture



**Subhash Sharma**, an Indian organic farmer recounts how his bitter experience with expensive and impoverishing Green Revolution techniques led him on the road to natural, organic farming.



**S**OIL, water and seeds are in fact the strength of farmers. I could understand this agro-economics only when I connected myself with this ground reality. I have been in the farming profession since 1975 and during these years I have seen two faces of science in agriculture.

### **Destructive face of science**

I started farming like others, applying plenty of chemical fertilisers and poisons and using hybrid seeds. During the initial years, there were indeed bumper crops but that could not be sustained for any length of time. Production from my farm started declining and the cost of cultivation started rising. Such a situation continued till 1994. This was the year when I adopted natural farming. Nature became my guru and started revealing the caus-

es of reduced production on my farm during the previous nine years (1986-1994).

In the process of farming with chemicals I had destroyed almost the entire micro-organism population in the soil, trees, birds, seeds, water, soil and personal energy and that was what caused the reduction in the yields. Nobody should ignore or underestimate the importance of the aforesaid factors in farming. What unfolded on my farm was also happening with all the farmers like me in India. In the pursuit of increased production, the science of agriculture based on chemicals was adopted but it resulted in continuous lowering of production and damaged agro-economics. I question now: how can this science help the country achieve a higher rate of growth?

The greater consequence was the destruction of the agricultural environment. Increased mechanisation, which made human labour redundant, led to large-scale migration of rural people towards urban areas. The kind of urban living turned out to be worse than hell and gave rise to enhanced urban crime. Those who could not migrate turned into Naxalites and terrorists. Tackling them now is costing enormous amounts of public money. This is what happened to our human resource.

The loss of soils and water is another severe problem because that will lead to managing food grains and water from outside. This in turn will weaken us (India). One needs to remember that money is not the answer to all problems.

We have already lost our seeds and are being forced to depend now on genetically modified (GM) seeds which are harmful to human health as well as the environment. Such seeds are to be considered as 'terminator' seeds as they hardly germinate during the following season. Wherever farmers have adopted GM seeds the soils have deteriorated and many new diseases have started affecting the crops. Also, the rising atmospheric temperature has had its own damaging effect on production patterns. In the year 2008-09 my farm production declined by 25% but my profit dou-



bled because of market forces (less availability led to increased prices). But this is not a good sign.

We certainly do not want an economic situation that results in farm produce going beyond the purchasing capacity of people. That is why change in agriculture is essential.

We need to change in order to protect and preserve our soils, water, seeds, environment and labour-power and to strengthen our economics. This is only possible if we can reduce our costs and yet enhance production.

### Constructive science

When I first started natural farming, I did not really know much about it. But slowly nature became my teacher and taught me the science and economics of agriculture. I came to understand that this is the only constructive science under which all the constituents of nature are conserved and at the same time show gradual growth. In chemical-intensive agriculture the growth was the result of killing all others - a violent tendency - but this constructive science ended my violent growth and made me totally non-violent. In this non-violent regime I could visualise a strong economics which is in the interest of farmers as well as the entire human race. This reminded me of Mahatma Gandhi whose ideas could give pleasure only when brought into practice. Times will change but this theory of agriculture will remain intact.

This constructive science also made me fully self-reliant. This self-reliance made me strong by returning to me my power of the soil, water, seeds, environment and labour. Nature made me strong by giving me five avenues of success:

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### ***In the pursuit of increased production, the science of agriculture based on chemicals was adopted but it resulted in continuous lowering of production and damaged agro-economics.***

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1) self-reliance of soils; 2) self-reliance in water; 3) self-reliance in seeds; 4) cropping cycle, and 5) understanding of labour.

### Self-reliance of soils

This has strengthened my agro-economics. With my strong economy I have realised the potential strength of the agricultural economy of the entire nation. This self-reliance taught me love and now I do not need any kind of insecticide or chemical fertiliser input to my soil. Both these are managed by nature itself. The four constituents of nature which help this process are: a) the cow; b) trees; c) birds and d) vegetation.

**a) The cow:** In the year 1994, based on personal observation I developed a process of utilising fresh cow-dung, cow-urine, and jaggery (a local sugar). In Indian villages, fresh cow-dung diluted with water is traditionally sprayed on the open space about our houses (except in the rainy season). As the rains come the earthworms start coming out in plenty. This gave me the idea that if fresh cow-dung is sprayed in the fields, the number of earthworms will increase and thereby other micro-organisms as well. If we use cow-urine along with dung, the fungus of the soil can be controlled.

Following this, I placed one

200-litre drum for each acre, filled it with 60 kg of fresh cow-dung, 5 litres of cow-urine and 250 grams jaggery, and used this mixture (diluted with water) extensively on the fields. I named it Go-Sanjeevak, the application of which gave me better yields in the very first year itself. In four years the micro-organism population increased. In each square foot, 6 to 10 earthworms could be found. The increase in bacteria and earthworms demanded more feed, which was met by constituent no. 4, i.e., vegetation. The increases in earthworm and bacterial numbers resulted in less input cost along with better yields. This helped me to develop a new agricultural economics.

**b) Trees:** In the years 1990-92 I had realised that the temperature increase because of industrial pollution would certainly kill millions of plant species and living organisms within the next 40-45 years. For me, a farmer, this was a serious warning. To check the rise in temperature, I decided to plant trees. In one hectare I planted 2,000 wild trees to create a forest around me and in the remaining 11 hectares I planted bird-loving trees. These 150 trees included jamun, goolar, aam (mango), peepal, bargad, neem, imli, arjun, etc., and I brought them up as children. As these trees grew, my farm output increased and I could understand how the trees helped in agricultural production.

The trees control the rise in temperature. This is a great help for the growth of bacteria and friendly insects. The big tree-leaves which fall on the earth are converted into manure. As the trees increase, birds multiply and a new economics of agriculture is revealed.

**c) Birds:** The growth of trees within the farm increased the micro-organism population and the supply of good manure. Birds started multiplying. On observation I found each bird eats at least 50 destructive insects and contributes its excreta to the soil as manure. Where there is good vegetation this process goes on the whole year round. Within 8-10 years the number of birds increased to the thousands. You can imagine how many insects are being managed every day and how much manure is added to the soil. This also helped me to write a new economics of agriculture.

**d) Vegetation:** In 1994 I started using crop residues and the grasses of the farm back on the farm itself. Each hectare of my farm started getting around 25 metric tons of this wet biomass. This enhanced the micro-organism population within our farm, which in turn converted this biomass into manure and simultaneously controlled the fungus on the soils. Growth of microorganisms, earthworms, etc., made our soil porous, which helped plant roots to get oxygen and rain water. Millions of such micro-organisms in their lifetime help the soils and after their demise, they become top-quality natural manure.

In this way these constituents of soil self-reliance provided me with free manure, insect control and water, making my farming less costly and more productive. A new agro-economics was thus revealed.

A study of the large number of living organisms and creatures doing the work of soil self-reliance gave me the understanding that every living being on the earth plays an important role in the well-being

of the human race. Soil self-reliance will solve problems related to temperature rise and scarcity of water.

### **Self-reliance in water**

India has been blessed by nature with abundant water but a crisis is now developing. The change in agriculture technology in the 1960s resulted in immense use of water in farming along with chemical fertilisers as well as poisonous compounds. These destroyed and killed large numbers of insects and small creatures which used to make the soil porous and capable of absorbing water and thus recharging the groundwater table. Chemical-based farming caused rapid lowering of groundwater levels while the rainwater on the surface was allowed to flow through drains and rivers. Along with the rapid flow of rain water, useful soil also started getting washed away, affecting soil productivity enormously. The washed-off soil silts dams and irrigation reservoirs and gives rise to more and more water shortages and crises.

A large number of irrigation projects were built for developing agriculture but the growing urban population and industries forced the diversion of this enormous quantity of water away from farmers and agriculture. Water, on the other hand, is also being polluted by chemical-intensive agriculture as well as by the discharge of poisonous effluents from industries. Man-

agement of such harmful and unhealthy water is no easy task.

Planning should, in fact, have been done with a view to providing good potable and purified water to all citizens, helpful for healthy farming as well as human health.

Instead, as production of hydro-electricity increased, more and more groundwater was exploited for irrigation as well as for drinking purposes. The result was that in several states groundwater has declined to dangerous levels, thereby affecting ground temperatures as well. This situation is alarming because it directly affects crop productivity as well as human health.

Thus the destructive science promoted after 1960 polluted water and exacerbated the water crisis in a big way.

### **Ray of hope**

I am sure if we change our agricultural policies even now we can get rid of the water crisis for ever. This I say because of my personal experience of adopting natural farming in place of the destructive science earlier pursued, which has provided a ray of hope and a path of comprehensive development in addition to solving the water problem.

Since I turned to natural farming, I have realised the importance of water. Now when I hold 100% water which falls on my farm and divert it underground, the soil is automatically saved from erosion. This tends to enhance productivity of the soil. Thus when I was able to hold 100% water on my farm, I realised that I had achieved self-reliance in water. In order to verify this I undertook a scientific study of my 12 hectares in the year 2003-04. This was as follows:

1. When one hectare of farm re-

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***We certainly do not want  
an economic situation  
that results in farm  
produce going beyond  
the purchasing capacity  
of people.***

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- ceives 1 cm rain, the total precipitation is 100,000 litres.
2. If rainfall during a particular year in that area is 100 cm, the total precipitation per hectare is 10,000,000 litres.
  3. Thus a 12-hectare farm, like mine, receives a total of 120,000,000 litres of rain water.
  4. On average 30% water evaporates from the surface, which means nearly 36,000,000 litres of water is evaporated.
  5. The remaining 84,000,000 litres of water are diverted below ground, i.e., groundwater is recharged.
  6. If we draw more water than this for irrigation, this means we are not self-reliant in water.

On my farm I have two borewells, each fitted with a 5-hp pump which draws about 36,000 litres of water per hour. Normally my pumps run for 800 hours per year. That means each motor draws 28,800,000 litres of water per annum. The two motors thus draw out 57,600,000 litres of water. Since I have recharged 84,000,000 litres of water in that year I have a net gain of 26,400,000 litres of water. This shows that I am fully self-reliant in water resource. In spite of drawing groundwater I am contributing 26,400,000 litres to the groundwater reserve.

In addition to the above, water was conserved by appropriate methods of cultivation following the contour system, sowing across the slope, natural absorption because of porosity of the soil, and digging 20ft x 10ft pits/ditches in each hectare to store rain or excess water. With this water I harvest 450 tons of vegetables and food grains while during the years 1975-86 the



maximum production that I got was only 400 tons. My production from 1986 onwards started coming down and during 1990-94 it turned out to be only 50 tons. The cost of production continued increasing in those days till I was forced to abandon that system.

I adopted natural farming methods in 1994. Slowly, after realising the importance of Go-Sanjevak, trees, birds, biomass and water and properly utilising them in my production, I was once again able to push the output upwards from 50 tons to 450 tons by the year 2000.

### A new record was again set

**Output increases:** My farming experience clearly belies scientists' claims that chemical fertilisers, poisons and hybrid seeds are the main factors behind higher production. The increase in production seen from the introduction of chemical farming was essentially because of enhanced availability of water and energy. Prior to 1960 we lacked water as well as energy (electric power), natural farming was not properly developed while the increase in population continued. After 1960 water resources were created and availability of energy too went up. From 1975 onwards chemical-intensive farming was taken up on a large scale. In the beginning that showed higher production but

by 2002 the production stabilised and thereafter started declining. In spite of our enhanced water capacity due to dams like Sardar Sarovar, the production kept on dwindling. Why that was happening was clear to me because of nature's teachings.

During the years 1986-94 why did my production come down? Cotton output was reduced from 30 quintals to 10 quintals, jowar from 50 quintals to 15 quintals, tomatoes from 350 quintals to hardly 5 quintals (because of mosaic infestation). As a result, my production declined from 400 to 50 tons. Despite available power, the same water quantity, and increased use of chemical fertilisers as well as pesticides, the production came down to 50 tons. The cost of running the farm was increasing but gains were dwindling. In 1994, the first year I turned to natural farming, I received 50 tons only but achieved savings in terms of much lower costs. By 2001, my farm production increased to 450 tons of vegetables as well as food grains. For this higher production, I am using the same power & water as before. Only the chemicals have been ousted.

Once farmers understand the techniques of natural farming, their agro-economics will become strong. Villages will have abundant water, the groundwater level will increase and the nation will become rich in water resources.

Thus I must say that agriculture demands major changes today. The new agro-economics based on natural agriculture can only benefit the farmers, society & the nation. □□

*Subhash Sharma is an organic farmer whose farm is located at Yeovatmal in Maharashtra state on the west coast of India. He regularly addresses training colleges all over the country on organic farming. The article was published in Third World Resurgence No. 230 (October 2009).*



## Progress of upcoming Women entrepreneurs in India - A case study

*Several factors have contributed to the growth of entrepreneurship among women in Mysore, there are certain factors like socio-cultural barriers, financial constraints and lack of information is hampering their growth, reveals a study conducted by MS Narshimha Murthy*

**“MAHATMA** Gandhi had comprehended the magnitude of women power and their task in shaping the path of olden times and progress. He spared no effort to drive home, the fact that women were equal in all respects to men and could shoulder responsibilities with equal skill and capability. The Mahatma opined that “Womanhood is not restricted to the Kitchen, Kids, and Knitting”. He felt that “only when the women is liberated from the slavery of the kitchen”, that her true spirit may be discovered. In this context of post liberalization era, we can see women playing a vital role in driving the economy. From Powder, Papad, and Pickles to Electricity, Electronics, Energy, and Engineering, women have become active in almost every sector.

In India women's entry into the business is relatively a new phenomenon. Their urge to start something independently, or the economic difficulties and responsibilities thrust upon them are the push and pull factors (Dr. Vasant Desai 2006, 66.p). There are women who have proved their courage in the fields dominated by male counterparts. They are into ready-made garment manufacturing,

leather, engineering good food processing, bakery, handicraft, beauty products, electronics, assembling units, retail trade sector, management and consultancy firms, automobile dealing etc. The growing awareness among women in India about the profitability of entrepreneurship is mainly due to the fact that the profile of Indian women



has undergone perceptible change in the post independence period.

Despite noticeable increase in the number of women entrepreneurs, the progress is slow. She is being added with household chores and domestic responsibilities and still do not find it either possible or desirable for total involvement in entrepreneurial activities.

### **Thought provoking women entrepreneurs in India**

Chief Executive Officer of

Shahnaz Herbals, particularly skin care products is a prominent Indian female entrepreneur best known for her herbal cosmetics. Currently, the Shahnaz Hussain group has over 400 franchise clinics across the world covering over 138 countries. In 1977 she set up her own salon at her house in Delhi with the initial investment of Rs. 35,000.

Anu Aga, the Chairperson of Thermax Corporation began her industry career in Thermax in 1985 and later was in charge of the company's human resource section.. In 1996, she took over the company, she faced a difficult time as Thermax had slipped into the red and an economic slowdown threatened the company's bottom lines. As entrepreneur and

chairperson Anu Aga had facilitated four major turnaround initiatives at thermax and was also instrumental in driving a high performed culture at thermax, especially at the senior levels.

Kiran Mazumdar Shah, CEO of Bio-con India. After her graduation in science she took the most unusual step of going to Australia to join a course in Beer making. She was the only women in an international class made up of men. She not only survived but also topped.

After returning back to India she worked as consultant and later took another bold step, to start her own business. Collaborating with the Irish firm, she founded Biocon India with a capital of Rs. 10,000 in 1978. The initial operation was to extract an enzyme from papaya. Her application for loans was turned down by banks on two counts – biotechnology was then a new word and the company lacked assets. But her determination paid her rich dividends. The company today is the biggest bio pharmaceutical firm in India .

A technocrat and travel freak is Sudha Murthy, the better half of Infosys chairman, NR Narayana Murthy. She is a part-time computer science lecturer, full-time social worker. Her book “Dollar Bahu” is being brought to the TV screen by Zee. She secured Ist Rank in M. Tech in Computer Science in 1974 from Indian Institute of Sciences. She has been responsible for all the foundations work especially in taking up many Hospital works in Karnataka and other States.

Literally meaning “tasty Papad” Jashwantiben Popat- ‘home-maker’ se ‘newsmaker’! She’s a simple unassuming 80-year-old lady, hailing from an impoverished neighborhood in Mumbai who lately humbled several heavy weight businesswomen and top MBA graduates by walking away with the coveted Economic Times award for Corporate Excellence in September 2002. Popat was honored again by being named as the recipient of the Whirlpool Gr8! Women Awards 2004 in the “Social Services” category! Jashwantiben Popat is the woman responsible for making Lijjat Papad a global brand

name and thus contributing immensely to women empowerment! This organization started off with a mere Rs. 80 and seven members. Now, provides the means for self-employment to over 42, 000 member sisters across the country and has expanded its sales to over Rs. 300 crores. Lijjat Papad can now boast of an annual turnover of Rs. 315 crores of which Rs. 12 crores comes from its export wing alone (The Unit is started in 1960).

Secretary of Wise Women industries in small enterprises, ladies wing of Mysore chamber of commerce and industry) and past chairperson of Awake, Mysore region, Gayatri Keshav Rao has made a name in the sericulture industry, for the development of Roatary-mountage, an equipment that makes silk worm rearing and tread drawing form the cocoons very simple and easy. The Rotary Mountage is developed by Japan to help silk farmers, under a wing called JAIKA. Her husband was given a special award by the Silk Board for the design of Roatary Mountage, which is an import substitute for silk industry.

After a short course on electronics at SJCE, she started Simha Elastomers, an SSI Unit that made rubber components for factories like L & T and Triton Valves. Keen to start something again, a market survey revealed that there was a good demand for paper napkins and that’s how, Feather Touch came into being. She is perhaps the only manufacturer of paper napkins in City. Feather Touch napkins are seen in almost all the restaurants of Mysore, giving the company 80% of the market share. The firm’s biggest consumers are Kodagu and Mandya districts. Toi-

let rolls and table spreads are the other two products, which are fast catching up.

A very familiar name in adventure circles, Rukmini chandran is an entrepreneur who goes about her business with the same zeal, as when she climbs mountains. A keen mountaineer and trekker during her college days, she actually first started almanac adventures, which mainly dealt with adventure sports. Whenever she went out for her treks, she carried her own sleeping bags and rucksacks, designed by her and her friends found them much better and comfortable than what they had bought and requested her to make these equipments for them too. That was how “lee tom stitch” started in 1997. What started off as friendly venture is today a booming business and her firm makes tents, sleeping bags, rucksacks, life jackets and the like which is used in adventure sports. Though the orders are big, she still works from the shed on the rooftop of her residence in bannimantap.

A survey to study and analyse the prospects of women entrepreneurs in Mysore district of Karnataka was undertaken by Narsimha Murthy, Asstt. Professor, SIT volachil. Narsimha Murthy was guided by Dr. K. Shivachittapa Professor of Economics in Mandy P.G. Centre and assisted by a group of his students following is the inference made from the study.

Out of 50 respondents of women entrepreneurs in Mysore city 74% of them have started their business on their own. 8% have bought through various other parties and 18% have inherited from their family.

52% of the women entrepre-

neur have secondary education i.e. pre university degree in various discipline. 26% of have Bachelors degree 14% have masters degree, 4% have primary education and remaining 4% have job orientation certificate.

Out of 50 respondents 44% have revealed that they chose to become entrepreneur for financial independence where 34% for self achievement 18% to contribute to household income and remaining 4% for various other reason.

72% of the women entrepreneur started their business when they are in the age group of 18-30 year and remaining 14% in the age group of 31-43 and remaining 14% are in age group of 43 and above.

56% of the respondent have received initial financial assistance from friends and relatives where 26% from their own saving and other sources and remaining 18% from Banks or Financial Institution..

In improving upon 40% entrepreneur have financial problem 32% have other problem 14% have Raw material problem and remaining 14% have information system problems in terms of unavailability of information.

There are few women entrepreneurs who have ventured into the business due to circumstances such as death of their spouse or irresponsibility of the spouse. Mainly to be a bread winner to contribute to household income they are running the business.

The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal – male dominant social order is the building block to them in their way towards business success. Male



members think it a big risk financing the ventures run by women.

Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing, less Achievement motivation, Low-level risk taking attitude and sales side of business process. (Primary survey)

## Suggestions

Government should improve the basic infrastructure, necessary for the growth and development of entrepreneurship. There is a need to establish forward or backward linkages as they have less exposure and contact. This is in terms of ensured supply of raw materials, marketing support, and technological support. There is a need to bring entrepreneurial awareness among women through workshops, entrepreneurship development programmes, seminars etc. Lack of information is also one of major problem of women entrepreneurs. There is a need for generation of effective information dissemination system through the government or the non government organization. As the credit market is very discriminating to-

wards women there is a need for liberal credit to be extended by banks and the collateral requirement by financial institutions should be waived to certain extent as women. There is a need to maintain gender balance in decision making. Training in entrepreneurial attitudes should start at the high school level through well-designed courses which build confidence through behav-

ioral games. This curriculum should include simple project work designed to give hands on experience of assessing the marketability of a commodity or a service. District Industries Centre and Single Window Agencies should make use of assisting women in their trade and business guidance. (Inference drawn from Primary survey)

## Conclusion

It is a great challenge for women to be successful in any career. It is much greater challenge to be successful entrepreneur. There are several factors which have contributed to their growth but at the same time there are certain factors which hinder their growth. The problems such as socio cultural barriers, financial constraint, lack of information system, lack of training support and family support and so on hinders their growth. Therefore there is a need for provision required for women in terms of providing financial, marketing, technical support and a good environment at home and at society to overcome their problems. Suggestions made as a solution to the problems for help women entrepreneurs deal with their problem effectively. □□



# GREEN India 2047 Report

*While some steps have been taken to deal with the problem, in several areas the situation has actually worsened, says Green India 2047 Report*



Unclean air and water could be responsible for the death of eight lakh people every year in the country, says the updated GREEN India 2047 report. Quality of environmental services like access to clean drinking water and sanitation, control of air and water pollution and management of industrial and household waste has a direct bearing on the health of people, it adds further. The report released by Jairam Ramesh, MoS Environment and Forests in the presence of Dr RK Pachauri, Director General TERI & Dr Vijay Kelkar, Chairman, 13th Finance Commission, shows that while some steps have been taken to deal with the problem, in several areas the situation has actually worsened.

The report has dealt with issues of depletion of resources like water, forests, land and soil as well as biodiversity and sought to find out the major impact and economic costs of degradation. The report also seeks to find out whether environment degradation impedes the translation of the population into demographic dividend.

Talking about the importance of the report, Dr RK Pachauri, said "This project started in 1995 to see the state of India's natural resources. Environment, development and quality of life have been the focus of the same. This report has looked at trends, economic cost of degradation and priority issues in environment management in In-

dia. The central point to our report is distributive justice – much of the turmoil today is due to degradation of resources. Hence, for the benefit of the society, we need to have a different approach. The issues define the state of the society – it is estimated that 4% of GDP is lost due to depletion and resource degradation and we are also paying a huge toll in terms of loss of human life. Our endeavor is to reorient the mindset towards environment."

While releasing the report, Mr. Jairam Ramesh, termed the report path breaking in nature as it suggests a way forward to the existing challenges. It is time to mainstream environment concerns and its costs needs to be accounted in GDP. This report is an ambitious agenda, he added.

The updated GREEN India 2047 report shows that while some steps have been taken to deal with the problem, in several areas the situation has actually worsened. The first GREEN India 2047 report was a detailed analysis of India's record of management of its natural resources – and how choices need to be made for the country to embark on a path of truly sustainable development – as evidenced by facts and information relating to the 50 years from 1947 to 1997. It was an assessment of where we are likely to end up by 2047, a full hundred years after India's independence, if we contin-

ued on the same path.

The study found that India was losing over 10 percent of its GDP on account of environmental damage and degradation of natural resources. This was essentially because of steady loss of wealth in several spheres including forest and biodiversity, excessive depletion of ground water resources, pollution of rivers and most importantly air pollution in several parts of the country which imposed very heavy costs in the form of health effects and absenteeism from work for those who suffered from several respiratory and other diseases caused by air pollution.

A total of 11 to 26 percent of agricultural output was being lost on account of soil degradation, part of which was caused by human actions. One major message from the findings of the study was that protecting the environment was not merely the dream of environmentalists and activists but an urgent imperative for all those responsible for a vast range of economic activities. This report argues that the key lies in defining a path of development in India that ensures removal of poverty and, at the same time, protects and conserves the natural resources. The priority is in understanding what is at stake – and the possible solutions.

## Green budgeting

The country's Thirteenth Finance Commission which is sched-

uled to submit its report on federal transfer of resources to state governments on Dec. 31, 2009 is likely to make special provision for green budgets for both the state and central governments, revealed Vijay Kelkar, Chairman, 13th Finance Commission speaking on the occasion. In Sept., the Government had extended the term of the commission by three months up to Jan. 2010. It was earlier required to submit its report by Oct. 31, 2009. India apart from launching of its National Action Plan on Climate Change is also integrating its climate change mitigation and adaptation strategies in other avenues of action.

It is believed that the bulk of the amount for green budgeting may come from disinvestments of government equities in public sector enterprises. Jai Ramesh also said

that in 2015 country's GDP formula would be restructured to include the losses due to environment and ecological degradation and also the benefits due to environment conservation.

"Our laws for environment protection are of global standards, but its implementation is below the desired level. The environment governance in the country is largely due to judicial interventions. The executive has almost abdicated its responsibility," he said.

The Bill for setting up of the National Green Tribunal was introduced in the Parliament in the last session and is likely to be passed in the ongoing winter session, he said and added that on November 26 the draft of the National Environment Protection Authority (which was earlier released for pub-

lic debate) will be finalised.

Ramesh said that he did not agree to the proposal of privatizing the forest sector as suggested by TERI's Green India-2047 report. He said that the private sector was more interested in monoculture and plantation crops. The country has 21% forest cover and 3% tree cover, thus making up a total of 24%. Among the forest cover, 2% are of high density area, 9% of medium density area, 10% are degraded forests and 40% are open degraded forests.

There was a need to increase the density of forest cover, he said and this could be done through local community participation and not through private sector. He said that India's forest cover was responsible of neutralization of 10% carbon dioxide. □□

[Continued from page no. 13]

## Warming world needs soothing.....

der. But the US bounced back. I hope the same thing will happen once again."

On the issue of negotiations for climate justice, the Indian Prime Minister in his recent address to the Washington-based Council on Foreign Relations, however, said: "The negotiations heading towards Copenhagen are proving more difficult than we have liked. There is disagreement among industrialised countries and between industrialised and developing countries." In an interview to the US press he categorically said: "I know there are difficulties. But without the US giving a lead I do not see a deal at Copenhagen can become a reality."

With a view to strengthen India-US Strategic Dialogue launched in July 20 2009, India and US

signed MoUs for cooperation on energy security, energy efficiency, clean energy and climate change, agricultural cooperation and food security, counter-terrorism. MoU on energy cooperation and the India-US civilian nuclear pact signed earlier would give access to American companies and India would gain in terms of foreign direct investment (FDI) flows, but the quantum of benefits to the Indian power sector needs to be assessed in this context. The US-India Knowledge Initiative in Agriculture and the recently signed MoU on agriculture cooperation are likely to give greater control of US seed multinationals over Indian agriculture and pave the way for imposing genetically modified (GM) crops on Indian farmers. Bt brinjal developed by Monsanto's Indi-

an partner, Mahyco is on the verge of commercialisation and is being resisted by many farmers' organisations and civil society groups.

The deals at Geneva and Copenhagen are likely to be on the expected lines. The negotiations at both these venues are likely to be largely influenced by the changing geo-politics with the developed countries in the lead and the supporting emerging economies in the backdrop of the global financial crisis. The advocates for trade and climate justice on behalf of the developing world should better lobby with the least developing countries (LDCs), small and vulnerable economies (SVEs), CARICOM, African Group, Cotton-4 and ACP countries so that real justice can be achieved. Many of these countries are already being allured by developed countries and emerging economies for bilateral trade and cooperation. □□

# India, The living model of relation-based market model

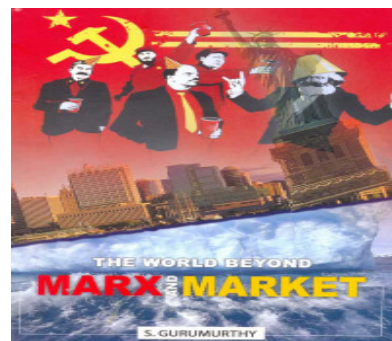
## **The relation-based Indian society transacting with the contract-based Constitution.**

In short, India has successfully managed to remain a relation-based society that has shown the capacity to interface and harmonise with contract-based global economic model without transforming all human relations to contractual model. India has adopted an individualism-based constitution, laws, and legal systems based on the social contract philosophy of the West, but it has harmonised the socio-cultural collectives ranging from families to large community identities with the social contract mechanism of the constitutional order. For example, family or social relations are not disturbed by social contract model centered on the state; the family in India continues to be a traditional, organic socio-cultural mechanism and also an economic unit that handles the contract-based marriage law as a just fuse and not regular use, for severing marriage relations. That is why despite being in force for over 50 years, the Hindu Law of marriage, that sought to reduce marriages to contract with implied terms for termination, has not brought about large scale divorces. The Indian divorce to marriage ratio is less than 1% even today, the lowest in the world. While in law, marriage can be dissolved in Indian law courts, none of the other family relations – say between father and son, or mother and son –

are dissoluble. Despite the formal polity of India being based on the social contract model and individualism, the Indian court rulings surprisingly recognise the social and family custom and enforce it as an obligation on the sons and daughters to maintain their parents, an obligation which would be unlawful under the purely contract based constitutional set up of the West, particularly the Anglo-Saxon West.

## **The impact of the relation-based Indian society on the world of business.**

See the impact of the relation-based foundations of the organic Indian society on the world of business. India has both family owned and family managed businesses which are linked to the business communities. India, like most Asian nations, and also like Italy, Germany, France and Spain in the West, has not de-legitimised the family ownership of business. In fact, over 98% of business in India is family owned and family managed. This is despite the fact that the Indian establishment and formal management educational Institutions in India, modelled after the West, decrying and demeaning family owned and family managed businesses. But this organic character of the Indian society, which was supposed to have thwarted the social mobility of the individual horizontally or vertically, has, due to the political and religious movements of the last several centuries, promoted social



mobility on a large scale. With the result, today, all communities are in business, industry and trade in some form or the other. As regards the issue of domination by few communities, it is seen from a study of small and tiny enterprises, carried out by the NSSO survey 2005, that the majority of the 4.20 crore such units are owned by the backward castes, scheduled castes, and scheduled tribes. Out of the 4.20 crores of unregistered non-farming business, trade and industrial activities, found by the NSSO in 2005 over 45% are owned and run by backward castes, Scheduled Castes and Scheduled Tribes. This segment of unregistered businesses, which constitute the largest source of employment outside the farming sector, employing over 90 million hands, had grown at the annual rate of 2.6% during 1990-98, when the Indian government had embarked on large scale globalisation programme.

The social mobility gradually taking place in India has not disturbed the organic social environment was and is based on the mobility of the community as the ve-



hicle, without the individual being contracted out of the community and the traditions that go with the community. This peculiar dimension of the socio-economic & political transformation that has been going on in India in the past century, and particularly since Independence, has not been fully noticed & factored into our intellectual debate.

In India, the community element is largely in tact, undisturbed by economic and industrial development. In fact the picture of business, industrial and commercial development shows that, instead of the communities getting wholly atomised and getting disturbed due to displacement towards where industrial growth takes place (as it happened in the West during the industrial revolution), industry, business and trade have moved to where the communities are. That explains the development of community-based, and therefore relation-based and organic community centric, industrial and business clusters developing, - with many having global competence- in hundreds, throughout India. This aspect also requires deeper study as to how India remains a community centric society and polity under the individualism-based constitutional order.

With social mobility taking place through community itself acting as the vehicle of development, the business communities of India are not any more restricted to the so-called 'Vaisya' communities of Marwaris, Chettiars or generally the Banias. This development is now becoming an inclusive and ever expanding phenomenon. To name only an illustrative few instances, we have the toddy tapping Nadars emerging as the largest trading network to the Agrarian Goundars and

Naidus transforming into large scale businessmen in Tamil Nadu, to the largely farming community of Patels becoming national and global business force in and outside Gujarat, the Artisan community of Ramgadiyas in Punjab becoming the most capable engineering entrepreneurs in Punjab, to the Untouchable Jatavs of Agra and Kanpur leveraging on their traditional avocation of leather works into becoming large exporters of leather ware. These are not just anecdotes, but large social phenomena. The communities which have taken to modern business and succeeded at the global level are not even beneficiaries of modern education. The largest exporters of knitwear garments in India are the Goundars of Tirpur and some 80% of the exporters have not completed the school education. The background of transport owners of Sankagiri, a small town in Tamil Nadu, shows that 90% were farmers where 20% of them were just rearing cattle! They own the largest fleet of the huge Taurus-tipper transport vehicles in the whole of India. These are functioning models at the grass root level.

A UNIDO study of 1997 noted the phenomenon of community-oriented industrial clusters developing in India and said that there are more than 370 small scale industrial clusters and 2600 rural and artisan based clusters contributing to almost 70% of industrial output and 66% of the exports, and 40% employment in the manufacturing industry. Of the 370 industrial clusters and 2600 rural and artisan clusters, only 13 are government sponsored. The rest are naturally-evolved community-driven clusters. The cluster-generated [Pa-

tel] community entrepreneurship from Gujarat is now dominating some 2/3 of the global diamond trade and some 80% of the Motel business in North Americas. Most of them have had no formal college education. But their globally competent business skills were acquired by assiduous application. This is a common feature of community based entrepreneurship. For example, 90% of the Sankagiri transport operators and the Namakkal lorry transport operators today, started to their business as drivers and cleaners.

An NSSO study done in 2005 shows that there are 42 million business enterprises in the unorganised sector, with over 88% of them engaged in non-farming activities, employing 83.30 million hands; of them 48% are in rural areas and 52% in urban areas. These enterprises have grown at the rate of 2.36% p.a. during 1990-98, when India was engaged in globalising its economy, when the prevalent view saw these enterprises as anachronism! Again, education does not seem to be a criterion at all for this growth engine. Of those who won awards from the National Innovation Foundation set up by the Department of Science and Technology of the Government of India in 2003, 30% of the awardees were not even fully literate. The India Brand Equity Foundation noted that hinterland of India is the real source of entrepreneurship. This entire development was through the relation-based social set-up, with most of them securing their initial capital from relatives and community. Entrepreneurship becomes a mass movement by community driven competition and co-operation. □□

## Remembering Dr. Bokre by his associates

Last week I was in Nagpur to sit in a get together of close associates of Dr. MG Bokre, the author of epoch-making book Hindu Economics and also the first All India Convenor of Swadeshi Jagaran Manch. They were sharing their rare insights about their association with that giant economist, grass-root activists of agrarian issues, and red-changed-saffron mass leader, all summed up in one – Dr. MG Bokre. I found that thought there were so many books and research papers written by Bokre, but there was whole-sale shortage of material on Bokre's life and activities from which a common activist can get inspiration. Hence this group meeting was organized with arduous efforts of Dr. Yoganand Kale and Prof. Ajay Patki.

**Philosopher Bokre:** First to divulge his mind was Prof. N B Vaidya and accepted that he adored him like his spiritual Guru. Dr. Vaidya, an octogenarian, discussed his journey from Gandhism to leftism, and ultimately to Swadeshi. According to him Bokre had an unusual knack of going to the roots of a problem and he used to present a clear picture of the issue under discussion without any bias. Though he

wrote extensively about the inadequacies and contradictions in the ideology of Marx, but not the integrity of Marx and admired his profound knowledge, tenacity of purpose and hard systematic pursuit of knowledge. He added that he had a profound knowledge of Hindu religious scriptures also and ancient thinkers like Shukracharya and Chanakya were extensively quoted in his writings. Even in his busy days of holding the post

Scheme of State Government. He pushed forward the movement of making available to the people the cost audit reports of industries despite strong opposition from traders and mill owners. Perhaps we know the Dr. Bokare was twice jailed for leading farmers' agitations. It is difficult to match these two qualities of erudition and agitation in one man. But Principal Panda had strong belief that had Dr. Bokare living at this time this vicious circle of farmers' suicides in Vidarbha would never have happened, and this he repeated many times in his exposition.

**Friend Bokare:** Third quality of Dr. Bokare that he was a friend of all those in need. Prof. Narender Laghve, who is living a retired but untired life, has several stories of emotional and friendly aspect of Dr. Bokare. "Can you imagine", he was putting a question to me, "that a professor of his stature can go to slums to knock at dilapidated doors of a jhuggi to inform him for an interview of lecturer post, and this happened with me also!" He used to help the poor but intelligent students to any extent, even distributing everything in his pocket and then finding all of sudden that no money is left for retuning home by bus, and then borrowed it from others. The way he encouraged and developed young students was marvelous, he was explaining in emotional tone.

**Father Bokare:** Last person in this series was the younger son of Dr. Bokare himself, that is Nitin Bokare, a leading and promising chartered accountant of



# The Moving Pen

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of Vice Chancellor of Nagpur University he was busy reading and writing. Moreover few people know that besides Hindu Economics, Prof. Bokre had written Islamic Economics also when he noted injunction against usury in Islam and Christianity.

**Guide Bokare:** Retd. Principal Ajay Shrivastava, in brief, was stating his role as a guide and leader of masses. Starting from organizing Nagpur University Teachers' Association (NUTA) to organizing farmers of Vidarbha and particularly establishing Cotton Growers' Association, he was always busy in practical problems of the masses. He was particularly instrumental in initiating Monopoly Cotton Procurement



Dr. N.B. Vaidya



Principal Ajay Shrivastava



Dr. Narender Laghve

Nagpur. His son had very few experiences to share and smilingly added that he was always busy reading, writing and talking with men of Shetkari organization. The only man in the family to whom he talked most, was his uncle Diwakar, but the talk was never about family affairs and always on economic and social issues exclusively, he added. We always held him in respectful awe and learned from his studious and sturdy life style and the whole family imbibed it. So there were good instances collected if a Bokare as a Guide, Friend, Philosopher and also a few instances about a Father.

All the time with me there were two persons Dr. Kale and Ajay Patki. All these personalities affirmed that Dr. Kale knows better than us that great man as he was closely associated with his, pen and penchant and personality. All the time Dr. Kale remained silent on the topic and promised to write an article on this topic and Ajay Patki ji will look into the task of getting all these experiences jotted down in the form of a book. Let us wait for that inspiring book on Dr. Bokare.

### **Remembering Hind Swaraj in Jabalpur**

A good programme was held in Jabalpur on 26<sup>th</sup> of this month to commemorate the centenary celebration of Gandhiji's book Hind Swaraj. Presiding over the function a noted Gandhian of the area Dr. Amritlal Vegad, spoke extensively about this historic book and stressed the relevance of this book in the present time. Sh. Vegad had traveled Narmada several time on foot and

is known everywhere for his environmental concerns. Starting of the programme was also very inspiring because Prof. Shiv Kumar and his party gave an emotional touch with his devotional songs which Gandhi loved. Sh. Raghendra Pratap Singh Chandel was compeering the stage with his down to earth comments on the present state of affairs of the Sjm and relevance of Hind Swaraj.

Claude Alvares was quoted from the stage as in Hind Swaraj we encounter for the first time another Gandhi, in fact, a rather harsh dimension of his personality. If one examines it closely, the harshness appears to have been reserve not for a package of cultural ideas, represented principally by the bourgeois civilization of the West including Western education and the various institution of Western democracy including Parliamnet which (again uncharacteristically) he called a prostitute. Gandhiji gathered all these cultural ideas and practices under the telling term, "satanic civilization" – in the singular, for at that time, there was only one civilization he was unmistakably referring to.

Moreover, whenever Gandhi was furious we again recall Claude Alvares saying, "When Gandhi used harsh words, this could only mean one thing: in his mind and soul, there was no scope for further dealing, or negotiation. This again is a startling position to take for a person who was willing to discuss almost anything;



who is known to have observed that he wanted all the windows of his house to remain open to winds from all directions. This can only mean Gandhi's experience of the West, he lived in London for some time, dressed like a Londoner, tried to learn to dance and eat meat and his subsequent reflection on that experience, convinced him that it would be in the best interest of humanity if that particular window, knowing what it was bringing in, was now firmly shut. We can quote Alvares again giving a final touch of hammer in his strong words, although he himself belongs to the Christian community as saying "The present continuing project to convert Hundustan to Englishtan reminds us of another equally grand proposal that was attempted in the nineteenth century and which failed abjectly; the conversion of India, especially Hundus, to Christianity. I have little doubt that the present development project is failing as well, even though before it collapses, it will unleash vast and needless suffering and violence." S. Paritosh Trivedi presented the vote of thanks, and present of the occasion were Sh. Ramadhar Vashishta, Vikrama ji, Vibhag Prachark and others. □□



## Maoists annually extort Rs 2,000 crore in India: Chhattisgarh DGP

Maoists annually extort up to Rs 2,000 crore (Rs 20,000 million) across India, mostly targeting iron and coal mining companies, infrastructure project contractors and 'tendu patta' businessmen, says Chhattisgarh Director General of Police (DGP) Vishwa Ranjan.

"The per year extortion earnings of Maoists is up to Rs 2,000 crore, with Jharkhand being the top contributor," Ranjan, a former additional director of the Intelligence Bureau (IB), told IANS in an interview.

"This is a 'guesstimate' based on cash books and other vital papers recovered by police from Maoists in recent months." "Around 20 percent of the amount extorted is siphoned off by grassroots Maoist cadres who pass on the remaining 80% to the top leadership of the banned Communist Party of India-Maoist (CPI-Maoist)," claimed Ranjan, who has been police chief of Chhattisgarh since July 2007.

"The CPI-Maoist uses the extortion amount for smuggling ammunition even from some foreign countries, party meetings, boosting urban network and to care for a vast publication section, including a set of experts who manage the Maoist website, plus funding its legal cell that takes care of court cases against thousands of jailed Maoists across the country."

Ranjan also denied reports that the security forces would carry out aerial attacks on Maoist bases in the state. "The forces would not make aerial attacks in Chhattisgarh as Maoist areas are so thickly forested that you can't spot the ground from the air," he said.

Bastar, a mineral-rich region spread over 40,000 sq km, has been dogged by extreme poverty for years, contributing to a growth in Maoist activity. A string of attacks have been carried out by Maoists at police bases in recent years. □

## Server crash' hits first online CAT

Prestigious Common Admission Test CAT developed problems in the maiden online test on day one after reports of servers getting overloaded in many cities were received. Reports said there were glitches in certain centres in Bangalore, Chennai, Pune, Delhi, Mumbai, Kolkata and Bhopal. However, IIM, Bangalore, Director Prof Pankaj Chandra said the first session of the examination was a "smooth affair".

Asked about the reports of technical glitches, he said, "There may be some instances of virus attack in the computers at certain centres. But at this stage I cannot confirm". The IIMs for the first time have entrusted the task of conducting the CAT to Prometric, an American firm, which is organising the computer-based test over a period of ten days.

Nearly 2.41 lakh students have registered for the test being conducted at 105 centres in 32 cities across the country. Students can appear in the test which would be spread over 10 days.

There will be two rounds of test each day. The first round will start from 10 am to 12.30 pm while the second round will be from 3.30 pm to 6 pm, Prometric said. A total of 2,41,582 students have registered for the exam this year, which is a marginal drop as compared to last year when 2,46,000 students appeared for CAT. The candidates will vie for around 2000 seats in IIMs.

## Dubai debacle likely to hit Indian workers, remittances

Despite the brave front put up by Indian government, the debt crisis that has enveloped Dubai World threatens to hit the overseas labour market that is largely dependent on short-term Middle East job contracts. The latest crisis comes at a time when official estimates have admitted that unemployment rates have spiraled to 30% in the Middle East in the last one year.

Industry sources say unemployment figures could be higher than the official estimates and that remittances to India - \$43.5 billion in 2007-2008 - are certain to be much lower this year in the wake of the continuing recession in the region. The Dubai World's debt just adds to the bad news.

UAE is the favourite destination for a maximum number of overseas Indian workers - 3.4 lakh people went to the country in 2008 - but the number has been fast declining as Indian workers are unable to get new contracts or extensions in the country that's in the grip of recession.

On Wednesday (Nov. 25), Dubai said it would reschedule debt on 2 state owned entities delay payments for six months. By Thursday, rumors of a possible default on Dubai sovereign debt started to hit markets. The same day, the Dubai ruling family clarified concerns but credit default swaps reflecting the chances of a default kept rising.

The result was a sharp turn in sentiment which led to inves-

tors selling risk assets across equities, commodities and currencies and forcing regulators across the world including India to sit up and take notice.

For India, the real impact from financial concerns in Dubai will be limited. Remittance flows from Dubai, which account for about 10 per cent of overall remittances, could see a slowdown in the short term.

### Time not ripe for PSB consolidation

Barely a week after the finance ministry officials met leading state-owned banks to push mergers through buyouts of smaller banks, the Reserve Bank has said the banking system is not yet ready for consolidation. "The time for consolidation has not come. We have a problem. There are a few dominant players... if we are consolidating, there will be a problem," Reserve Bank deputy governor KC Chakrabarty, told reporters on the sidelines of a conference in Mumbai.

Given the low banking penetration, and large unbanked areas, the country's banks should focus more on achieving financial inclusion rather than consolidating existing players, Chakrabarty said. "Financial inclusion is more important than consolidation at this stage," the deputy governor said.

Earlier, the heads of five leading PSBs—Punjab National Bank, Bank of Baroda, Canara Bank, Union Bank of India and Oriental Bank of India—had met the finance ministry officials to discuss the issue.

Following this, bigger public sector banks (PSBs) like Bank of Baroda, Canara Bank, Union Bank & IDBI Bank have said that they have initiated a hunt for smaller banks for possible mergers.

### China-Pak military nexus a matter of concern: Antony

Voicing great concern over the military nexus between China and Pakistan, Defence Minister A K Antony says India will have to be vigilant at all times. "The nexus between China and Pakistan in the military sphere remains an area of great concern," he said speaking at the Institute of Defence Studies and Analyses (IDSA) founders' day event in New Delhi.

"We have to carry out continuous appraisal of Chinese military capabilities and shape our responses accordingly. At the same time, we need to be vigilant at all times," he said. New Delhi feels the China-Pakistan military nexus is detrimental to its interests and the strategic balance in the South Asian region. Another area of concern for India is Chinese transfer of equipment & technology for Pakistan's nuclear weapon programme. "India wants to develop a friendly & cordial relationship with its neighbours including China. We continue our efforts. At the same time, there are issues that are a matter of concern to us," Antony told reporters. □□

### 692 websites hacked in Sept.: Govt

It's not good news for IT cities. According to a report Cyber crime: Gamers latest target of web criminals, prepared by the Computer Emergency Research Team from the Cyber crime: Gamers latest target of web criminals. A total of 692 websites have been affected in September alone.

The unit has now asked the respective state governments to secure their own websites. "We have instructed all state governments to install security measures, especially for those sites which contain sensitive data," said a senior ministry official.

According to sources almost all types of websites have been affected—dotcom, dotin, dotgovt and even dotedu. "In all, a total of 511 websites in the domain of dotin have been affected—a whopping 74% of all those affected. Twenty per cent of the websites are in the dotcom domain. In our own information technology department, a total of 63 attacks have been reported. Curiously, 21 of these attacks have come from hackers based in China," said a senior government official.

Sources in the ministry say hacking has been carried out through several methods. "The most common method is to try and steal the password from the administrator or even get the user password. Another method is to try and enter the FTB or web server and destroy the site. If successful, the hacker can completely destroy the website. Another method is to try and 'poison' the URL," added the official. The police said they have received complaints of hacking from the military, paramilitary, defense ministry and educational institutions. "However, it is a technical field that needs a lot of expertise. We are not yet equipped to handle such pressure," an official said. □

## Woman seeks return to Hinduism

An ethnic Indian woman in Malaysia is fighting to be recognized as a Hindu after being converted to Islam when she was a child. However, the woman has denied charges by government that she converted to Islam when she was one-year-old. Siti Hasnah Vangaram Abdullah, who likes to be known as S Banggarma claimed that it was impossible that she and her siblings were converted in 1983 as her younger sister, who is five years junior, was not even born then.

"Three of my siblings were placed in the welfare home along with me and we all have conversion certificates dated December 28, 1989. How could my father have converted us in 1983 when my sister was not even born?" Banggarma asked. The claim by the social welfare department that Banggarma was converted in 1983 was contradictory as she was issued a conversion certificate when she was seven years old in 1989, her lawyer Gooi Hsiao Leung said.

He said they will soon write to the Welfare Department director-general and ask him to verify their allegation and furnish Banggarma with the documents they say are in their possession regarding an alleged conversion by Banggarma's father on November 30, 1983. □

## Recession 'worse than estimated'

Chancellor Alistair Darling is supposed to accept in his pre-Budget report that the UK economy has performed worse in 2009 than he first predicted, according Treasury sources. Mr Darling is expected to say that the UK economy shrank by 4.75% this year - more than the 3.5% originally forecast in the Budget in March. The adjustment follows the economy's unexpectedly poor performance in the first three months of the year. But he is likely to stick to 2010 forecasts of growth between 1-1.5%.

The UK economy has contracted for the past six quarters, but the economies of the US, Japan, France and Germany have all started growing again.

## India votes against Iran at IAEA

India stuck to its opposition of Iran's nuclear weapons by voting for a resolution in the IAEA rapping Tehran for building a secret enrichment plant.

The resolution, co-sponsored by Iran's two biggest champions Russia and China, sailed through (25-3) the 35-member board of governors, helped along by India's vote which was believed to be crucial. Countries like Brazil, South Africa, Pakistan, Afghanistan, Egypt and Turkey abstained and Cuba, Venezuela and Malaysia opposed the resolution.

There were concerns in India regarding its vote, but sources in the government said it was clear that while Iran had rights as an NPT signatory, India would not countenance another nuclear power in the region. Also, India holds the moral high ground on nuclear non-proliferation and many said this could take a hit if India was seen to be supporting, even tacitly, an Iranian weapons programme, which has been built with Pakistani and Chinese assistance. The Indian vote, much like the Chinese sponsorship, came as a result of a lot of US diplomacy.

## Basmati trade flounders on default by Iran buyers

Amidst the news that India, the world's second-largest rice grower, may import up to 3 million tonnes of rice next year Trade sources say that at least 50,000 tonnes of par-boiled Pusa-1121 rice that was contracted for exports during June-August are currently lying unshipped at Kandla. As the government secures supplies in case the nation faces another year of drought, triggering a price surge, there is a stock of 50,000 tonnes held up at Kandla port putting over Rs 700 crore at stake.

Basmati exporters who had contracted large purchases from Iran at highly attractive prices till a couple of months ago are facing payments problems to the tune of Rs 700 crore or more.

Further, there are no takers even for consignments already despatched, with some 50,000 tonnes stuck in Dubai and another 30,000-40,000 tonnes at Iran's Bandar-Abbas port. In addition, an estimated one to 1.5 lakh tonnes (lt) of unsold stock are believed to be held by traders in Iran, unable to pay up fully for the material they are yet to dispose of.



During June-August, Indian exporters shipped out around 2.6 lt of Pusa-1121 rice. These were contracted at an average \$1,400 a tonne (cost and freight Dubai/Bandar Abbas), with a few consignments going for above \$1,600.

Pusa-1121 export prices have been rather volatile over the past one year, starting at \$1,000-1,110 a tonne last November and touching \$1,600-1,700 by January and then crashing to \$850-900 in March. Subsequently from June onwards, they resumed their upward climb to cross \$1,400-plus levels by end-July, which was also the period when Indian exporters contracted huge orders from Iran. Then came the controversy over Iranian allegations of basmati shipments being tainted with heavy metals, bringing trade to a standstill.

## IMF sells 200 tonnes of gold to India

The International Monetary Fund has announced the sale of 200 tonnes of gold worth USD 6.7 billion to India's central bank to shore up IMF finances. The sale to India was nearly half the amount that the Fund has targeted for sale over the coming years.

The IMF said the transaction, which was in the process of being settled, involved daily sales that were phased over a two-week period during October 19-30. Each daily sale was conducted at a price set on the basis of market prices prevailing that day, it said, in accordance with the institution's founding document.

"I strongly welcome this transaction with the Reserve Bank of India," Dominique Strauss-Kahn, the IMF managing director, said in a statement.

## Iran offers \$20m to militants for fighting west

Iranian state radio says the country's parliament has approved a bill earmarking \$20 million to support militant groups opposing the West. The report says the money will also be used to investigate alleged US and British human rights abuses and plots against Iran.

Parliament also voted to oblige the foreign ministry to prepare annual reports on the human rights situation in its two Western foes, the official IRNA news agency reported. The reports will be issued every year on November 4, when the Islamic Republic marks the anniversary of the 1979 storming of the US embassy in Tehran by radical students who took 52 Americans hostage for 444 days.

The ministries of intelligence, communication, culture and foreign affairs and the Revolutionary Guards will decide how to spend the funds, the report said. The same organisations will also distribute money among those "resisting the unlawful actions of the US and British governments," it said, without elaborating. It was not immediately clear whether the proposal had been put forward by the government or by the MPs themselves.

Western governments and rights groups such as Amnesty International often accuse Iran of violating human rights. Earlier this month, the UN General Assembly's human rights committee condemned Iran for a violent crackdown on protesters after presidential elections this year that the Iranian opposition says were rigged. □□

## India can't quiz Headley, Rana

The US, which foiled a major terror plot by LeT to target India, has said it would be forthcoming with details of the case but cited legal limitations in allowing Indian investigators to quiz the two arrested operatives David Coleman Headley and Tahawwur Rana.

US National Security Adviser James Jones said President Barack Obama has shown personal interest in the Headley-Rana case and the matter was discussed during his meeting with Prime Minister Manmohan Singh.

"It is something that the President and the Prime Minister discussed and both of them were very satisfied with the outcome of those discussions," Jones told PTI in an interview in Washington when asked about the terror plot foiled by FBI last month by arresting Headley, a Pakistani-origin American national, and Rana, a Pakistan-born Canadian citizen.

He said Obama has given instructions to the US authorities to share the information with India regarding Headley-Rana case, despite the limitation posed by the country's legal system.

He, however, said the US was unable to allow Indian investigators access to the arrested LeT operatives because certain aspects of the legal system here protect the rights of the accused. □

## Swadeshi Delegation in Geneva

A high level delegation consisting of Muralidhar Rao, Prof. B.M. Kumaraswamy, Dr. Dhanpat Ram Agarwal and Dr. Ashwani Mahajan is in Geneva to participate in the 7<sup>th</sup> Mini-Ministerial meeting of WTO. The Seventh WTO ministerial meeting will be held in Geneva through 30.11.09 - 02.12.09. They are there to highlight Swadeshi viewpoint on globalization and global economic order. The delegation left India on 25<sup>th</sup> of Nov. and will be returning only after the meeting is over.

Proponents of Swadeshi have for quite a long time been actively participating in these meetings. SJM may be recalled was created as a response to globalization of liberalization of economics in 1991. From its inception SJM has been mobilizing discriminating globalization. The negotiations are proceeding in a non-transparent manner. India is supposed to have substantially moved away from its earlier position, particularly in regard to Agriculture & NAMA. The reasons for such a volte face are not known. The statements emanating from government spokespersons give the impression that ground is being prepared for justifying such an eventuality.



## Lamy presents Annual report card

Pascal Lamy, the Director-General of the WTO, in his annual report to the Trade Policy Review Body (TPRB) on developments in the international trading environment has said that There has been no "severe" protectionist response to the size and suddenness of the economic crisis.

In his report covering the period October 2008 to October 2009, Lamy said that economic developments over the past twelve months are unprecedented in the history of the GATT/WTO.

The financial crisis and consequent collapse of aggregate demand in Europe and North America created a global economic recession that has dragged down the volume of merchandise trade by over 10% in 2009, back to the level at which it stood in 2005.

Developing countries remain particularly vulnerable to further contraction of their exports, as well as to shortages of bank financing and declining FDI, falling commodity prices, reductions in earnings from remittances and uncertainty over future ODA (official development assistance) flows. This has led to an exceptionally difficult situation for low-income countries that do not have the economic or social safety

nets in place to withstand such shocks, he said.

"Although there have been instances of slippage, in general terms, the world economy is about as open for trade today as it was before the crisis started. New trade restrictions bore no responsibility for provoking the crisis, nor can they be claimed to have played more than a limited role in aggravating it at the global level."

The report further said that as recorded in previous reports to the TPRB this year, there has been trade policy slippage, including by most of the G20 countries.

The report however noted that no WTO Member has retreated into widespread trade restriction or protectionism, nor has there been any significant instance of trade retaliation. The new trade-restricting or distorting measures that have been introduced since October 2008 have covered collectively, at a maximum, 1% of world merchandise trade.

## DSB grants Brazil permission to retaliate on cotton

At its meeting on 19 November 2009, the Dispute Settlement Body (DSB) granted authorization to Brazil to impose countermeasures against the US in the "cotton" case (DS267), and established a single panel to examine complaints by Canada (DS384) and Mexico (DS386) on the US country of origin labelling (COOL), and a panel to examine the US complaint on EC measures on imports of poultry meat (DS389).

The DSB also granted Brazil's request for authorization to suspend the application to the United States of concessions and other obligations in the upland cotton dispute.

In a statement at the DSB, the US reiterated that it intends to comply with the DSB's recommendations and rulings in this dispute. It said that suspending concessions or obligations could present economic and other challenges for both Brazil and the US.

Meanwhile, the country-of-origin labeling requirements disputes against the United States were brought by Canada and Mexico. Both were second-time requests and panel establishment was automatic.

It was agreed that a single panel will rule on the dispute. China, Australia, Argentina, the EC, Japan, Colombia, India, Korea, New Zealand, Peru, Mexico and Canada reserved their third party rights to the dispute.

Canada's complaint is in relation to the US measure requiring country of origin labeling (COOL measure) in respect of certain products. □□